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WORLD NEWS

Installation error blamed for rail crash

Faulty installation of signalling equipment was probably to blame for the Clapham Junction rail crash, British Rail's internal inquiry confirmed last night.

The statement came after news that the crash had claimed a 34th victim, Stephen Dyer of Southampton, who died in hospital. Page 22

US and PLO in talks

In its first official meeting with the PLO, the US told the Palestinians that Washington expects them to back their leader's new policy statement by dissociating themselves from terrorism. Page 22

Gang on the run

A gang of at least four men was being hunted after three separate violent attacks in Surrey. One man was stabbed to death in a field, another stabbed in bed and gravely injured and, in a third incident, a young couple were threatened.

Swiss hostage freed

Swiss International Red Cross delegate Peter Winkler, kidnapped in southern Lebanon in mid-November, was said by witnesses to have been freed.

Meanwhile United Nations peacekeeping troops were searching southern Lebanon for three soldiers abducted from the Irish battalion by gunmen yesterday. Page 2

West Bank violence

At least four Palestinians were killed in the occupied West Bank city of Nablus when the funeral of a 15-year-old youth sparked off clashes with Israeli troops. Page 2

IRA warns army families

The IRA warned the Army it had seven days to evacuate Army families from Northern Ireland. After that, they would be regarded as legitimate targets. It also admitted shooting dead an off-duty part-time UDR soldier in the cab of his coal lorry in Downpatrick, Co. Down.

Armenia crackdown

Soviet officials launched a campaign against Armenian nationalist leaders, accusing them of hampering the effort to help survivors of last week's earthquake. Page 2

Karachi curfew

The Pakistani authorities imposed a curfew on parts of Karachi as the numbers killed in ethnic rioting reached 10.

Damages for Proetta

Carmen Proetta, who saw two IRA members being killed by the SAS in Gibraltar, accepted substantial undisclosed damages for an article in The Sun which alleged she had a criminal background and lied about the shootings because she hated the British.

Rig crew rescued

All 27 crew of a Dutch oil rig which sank in mid-Atlantic were rescued after spending hours in a sealed lifeboat 540 miles off Halifax, Nova Scotia.

Sri Lanka bombing

Two bombs went off at a Sri Lankan opposition election rally south of Colombo. At least 31 people were injured. Page 2

Fined for driver's death

Crane erector Record Potain of Middlesex was fined £20,000 at Knightsbridge Crown Court for breaches of safety regulations which led to the death of crane driver Matthew Swann, killed when his crane collapsed in West London last year. Page 5; EC work safety rules worry UK, Page 2

Tighter rules on jobless

About 50,000 people are expected to be eliminated from the unemployment register under stricter procedures announced in the Social Security Bill. Benefit claimants will be asked to show they are "actively seeking work." Page 4

BUSINESS SUMMARY

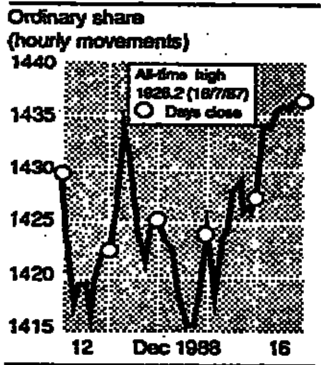
UK inflation rate steady at 6.4%

ANNUAL inflation rate remained at 6.4 per cent last month but the upward trend appears unbroken. Department of Employment figures showed that the retail prices index increased by 0.5 per cent in November compared with October, the same as in the corresponding month a year ago. Page 22

SECURITIES in London ended the last full trading week before Christmas in good form, with economic data from both sides of the Atlantic continuing to find a favourable reception.

FT Index

Ordinary share (hourly movements)



Turnover in equities remained thin, but retail customers appeared in the gilts market. The FT Ordinary index rose 5.7 points yesterday to end the week up 6.6 at 1,436.0. Page 15

INTEREST RATES: The Swiss National Bank raised its discount and Lombard rates by one half of a percentage point each and the Belgian National Bank lifted its discount, Lombard and three-month Treasury bill rates by one quarter of a percentage point for the second time this week. Page 22

KUWAIT INVESTMENT OFFICE has been granted an extra two years to must dispose of most of its 21.6 per cent stake in British Petroleum by the British Government. Page 22

PLATINUM continued its sharp fall as the market continued to absorb the implications of Ford's revelation that it is testing platinum-free catalytic converters to clean up car exhaust emissions. The price fell $57.50 a troy ounce to $522. Palladium, the likely substitute, advanced $5.20 to $135.50 an ounce. Page 15

AVDEL UK fasteners group which is the subject of a bitterly contested £112m bid from US-based Banner Industries, announced that it has found a "white knight." Page 8

M&G, fund management group which is Britain's largest unit trust operator, reported pre-tax profits of £33.01m in the year to the end of September down from £33.33m. Page 8; Lex, Page 22

IVORY & SIME, Edinburgh-based investment manager, reported a 22 per cent reduction in pre-tax profits to £1.54m and a 6 per cent fall in turnover for the six months to October 31 1988. Page 8; Lex Page 22

PANFIDA GROUP, UK small store retailer, has acquired 370 convenience stores in the south-western US from Tenneco, Houston-based conglomerate, in a $152m leveraged buy-out. Page 10

MEXICO is seeking $7bn (£3.86bn) in net external financing next year to help finance its budgetary deficit, reduce the outflow of capital resources and lay the basis for renewal of growth. Page 2

BROKEN Hill Proprietary, steel, minerals and petroleum giant reported after-tax profits of A$523.8m (£247m) for the six months to November, well ahead of the most optimistic expectations. Page 11

PUBLIC sector borrowing requirement was £200m in surplus in November, taking the total debt repaid to £6.2bn since April and keeping the Government on target for its forecast of £10bn for the financial year. Page 5

Currie resigns as fury over egg surplus prompts aid package

By Philip Stephens, Political Editor

MRS EDWINA CURRIE resigned as junior Health Minister yesterday as the Government sought to contain the furore in the egg industry prompted by her remarks two weeks ago over the spread of salmonella.

Her resignation, accepted by Mrs Margaret Thatcher, followed a statement from Mr John MacGregor, the Agriculture Minister, promising a multi-million-pound scheme to buy up surplus eggs.

Mrs Currie, who had served as parliamentary under-secretary of state at the health ministry since September 1986, was one of the most flamboyant and well-known members of the Government, with a reputation for self-publicity.

Though her departure is not a major political blow for Mrs Thatcher, the circumstances of Mrs Currie's resignation underlined the confusion within Whitehall which has followed her comment that most of the country's egg production has been infected by salmonella.

As late as Thursday, senior ministers were predicting that Mrs Currie would ride out the storm, and the first signs of her departure came only when she failed to speak in a Commons debate early yesterday.

As several the country's egg producers began to issue a stream of writs for damages, she offered her resignation in a 30-minute meeting with Mrs Thatcher. Officials insisted there was no question of Mrs Currie having been sacked, but at least one senior minister said that as the situation deteriorated it had been agreed it was impossible for her to stay in the Government.

In a published exchange of letters, Mrs Thatcher said that Mrs Currie's "great energy and enthusiasm" would be missed, but added that she fully understood her reasons.

Mr MacGregor told the Commons he would be working "flat out" with egg industry representatives throughout the weekend to finalise details of the scheme to buy up the vast stock of unsold eggs left with producers after the slump in consumption.

He gave no indications of the likely cost, which he has discussed with Mr John Major, the Chief Secretary to the Treasury, but it was acknowledged in Whitehall that it would run into millions of pounds.

Mr MacGregor insisted that the scheme did not represent a government decision to compensate farmers, nor did it imply that the Government was accepting liability for the present difficulties. The Treasury Solicitor's office indicated that it would stand behind Mrs Currie if yesterday's writs resulted in court action.

Clear tensions remain, however, between the Agriculture Ministry and the Health Ministry.

Continued on Page 22

A word too far, Page 4

INDUSTRY WELCOMES GOVERNMENT ACTION

THE GOVERNMENT's move to aid egg producers by buying surplus output was welcomed with relief by the industry yesterday, as was the resignation of Mrs Edwina Currie, the junior Health Minister widely held responsible by farmers for the precipitous fall in sales over the past two weeks, writes Bridget Bloom, Agriculture Correspondent.

The industry, faced with almost a collapse in wholesale prices already endangering some smaller producers' livelihoods, was yesterday anxiously awaiting details of the scheme's scope. These were promised for Monday.

News that the Agriculture Ministry was intervening to aid producers came yesterday morning in a statement that the Government would introduce a "short-term buying-in scheme for eggs as a wholly exceptional measure in view of the current state of the egg market."

The British Egg Industry Council and the National Farmers Union welcomed the announcement. The union said it indicated "clear acceptance by the Government of responsibility for the damage caused to the industry."

Earlier yesterday 11 producers issued writs against Mrs Currie. They were led by Thames Valley Eggs, one of the country's six big producers which between them produce more than half of total output.

Producers, whose annual sales amount to between £400m and £500m, have seen wholesale prices fall by 50 per cent and more. For a dozen eggs, prices were reported to have dropped from a normal 39p to 10p in some areas yesterday.

Yesterday the NFU listed three requirements:

- Surplus eggs bought in at a price above current wholesale rates, to cover losses.
- Compensation for producers forced to slaughter birds.
- Aid to help put the market into better balance through a slaughtering programme.

Prosecution 'riddled with difficulties', Page 4

Brittan wins wide EC role

By Our Brussels Staff

THE British Government won a key victory yesterday when Mr Leon Brittan, the UK's new senior Commissioner, gained responsibility for financial services in a shake-up of Brussels portfolios that heralded some easing of the Community deadlock over tax.

Mr Jacques Delors, the Commission president, orchestrated a notably smooth allocation of jobs to his 16 fellow Commissioners who will form the next Brussels executive taking office on January 6. The team's tenure runs until the end of 1992, the planned date for the achievement of Europe's single market.

Mr Brittan, whose main job is to direct the EC's competition policy, said last night that he was delighted to have responsibility for banking and insurance, areas which he described as being "of great importance to the UK and to development of an internal market in services."

He pledged to press for early agreement on Commission plans for an EC-wide merger control regulation, which have been the subject of serious UK criticism.

The wider scope of Mr Brittan's job follows strong British lobbying in the wake of Mrs Thatcher's decision to replace Lord Cockfield, the architect of the Community's internal market plan. Mr Martin Bangemann of West Germany takes over Lord Cockfield's title as Internal Market Commissioner but loses not only financial services to Mr Brittan but also all tax issues to the new junior French Commissioner, Mrs Christiane Scrivener.

Tax is one of the trickiest issues facing the new Commission. On the one hand Mrs Scrivener has hinted at a more accommodating attitude towards Britain's insistence on keeping zero value added tax on certain essential items. On the other hand, she will come under pressure from the French Government for early action on savings tax harmonisation.

The only man known to be disappointed is Mr Manuel Marin, the senior Spanish Commissioner.

Continued on Page 22

Delors shapes his team, Page 7

Bush picks Tower for defence

By Lionel Barber in Washington

PRESIDENT-ELECT George Bush yesterday stood by his old friend and campaign adviser Mr John Tower, the 63-year-old former Texas Republican Senator, and named him as the next US Defence Secretary.

The appointment, which is subject to confirmation by Congress, could be controversial given the debate during the past four weeks about Mr Tower's personal and professional fitness for the job.

In a joint appearance, Mr Bush paid lavish tribute to Mr Tower's experience and said the Senator was committed to reforming the Pentagon budget – one of the thorniest issues facing the next Administration.

For his part, Mr Tower gave an early hint of the scale of change. "We must rationalise our force structure, we must refine and reform our management and procurement procedures, we must have biennial budgeting," he said, stressing his desire to work closely with Congress.

Mr Bush is expected to complete his Cabinet appointments shortly. Mr Jack Kemp, the conservative New York Congressman and former Republican presidential candidate, is expected to head the Housing Department.

Mr Bush may also appoint Dr Louis Sullivan, a medical school president, as Secretary of Health and Human Services. If he does, Dr Sullivan will be the first black to enter the Bush Cabinet.

Mr Tower, a self-styled hawk on defence, has held several sensitive posts since he retired from the Senate in 1985, after a 24-year career that included chairing the Senate Armed Services committee.

He has been in arms control negotiations with the Soviet Union and last year he headed the presidential commission investigating the Iran-Contra arms-for-hostages scandal.

Mr Bush is known to have made Mr Tower his first choice to succeed Mr Frank Carlucci as Defence Secretary. However, claims of Mr Tower's ties to defence contractors and publicised difficulties over a divorce forced Mr Bush to delay an announcement while the FBI led an exhaustive background check.

Mr Bush denied Mr Tower's appointment had been contingent upon finding a strong management team to support him at the Pentagon. These stories seem to have originated from Bush advisers nervous about an ethics scandal.

Tower's long wait ends, Page 2

GrandMet pays £331m cash for William Hill

By Lisa Wood

GRAND METROPOLITAN, the UK drinks and retailing group which owns Mecca Bookmakers, is paying £331m in cash for the William Hill betting shop chain and 370 betting outlets in Belgium.

The acquisition, from the retailing group Sears, creates Britain's second largest chain of betting shops. It will have 1,701 outlets accounting for an estimated 16.5 per cent of the UK off-track betting market, compared with the 1,716 outlets of the market leader, Ladbroke.

Mr Geoffrey Maitland Smith, chairman of Sears, said several companies had been interested in the chain and he had accepted the highest offer.

The deal is unconditional at the insistence of Sears, which said it did not want any delay should a reference be made to the Monopolies and Mergers Commission. GrandMet said it did not believe a reference would be made.

The new group will, however, have about 800 of Greater London's 2,000 betting shops and the MMC is known earlier this year to have considered making an investigation into the UK gambling industry.

Mr Allen Sheppard, chairman of GrandMet, said: "The deal is a classic example of where we could have sold our betting shops to them or them selling theirs to us."

Considerable synergistic benefits accrued from merging the businesses, he said, with the bookmakers contributing different strengths. The William Hill name, for example, was very clear and the chain was well established in credit betting. Mecca, on the other hand, brought systems and communications strengths.

In the year to September 30 new Mecca outlets and increased trade contributed to a 42 per cent increase in trading profits of about £22.5m.

In the year to January 31 the William Hill outlets, with a net book value of £8m, made trading profits of £17.5m, compared with profits of £24.1m the previous year.

Sears blamed the shortfall on the increased success of favourites winning races compared with the previous year, which had been favourable to bookmakers.

Mr Maitland Smith said: "The sale of our betting division at this attractive price enables us to concentrate on our core business interests of speciality retailing, home shopping and property."

GrandMet recently lost a takeover battle with Pernod Ricard for Irish Distillers and is at present fighting another battle for Pillsbury in the US. The group said the acquisition of William Hill would not dilute its earnings this year and would make a net contribution in 1989-90.

The first betting shops opened in Britain in 1961 and the number of outlets peaked at 15,000 in the late 1960s, since when they have declined.

Lex, Page 22

Maxwell to sell his cable interests in new strategy

By Raymond Snoddy

MR ROBERT MAXWELL, the UK's largest single cable-television operator, is to sell his cable interests and concentrate future entertainment investments mainly on commercial television and programme production across Europe.

The change of strategy, which it is claimed will involve big investment in the deregulated television industries in the UK and the rest of Europe, comes after a review of all the entertainment assets of the Maxwell companies and a report by outside consultants.

Communications Equity Associates, a Florida-based merchant bank, has been asked to sell as a package British Cable Services, Mr Maxwell's loss-making cable arm, before the year's end if possible. The Maxwell cable interests include:

- The old Rediffusion cable networks bought in 1984 for £9m. The systems in about 30 towns have 56,000 out of the total of 280,000 cable-subscribers in the UK.
- Two multi-channel franchises: Guildford, west Surrey and east Hampshire; and Cardiff. A pilot scheme was launched in Guildford but nothing has been done to develop the Cardiff franchise.
- A 25 per cent stake in Clyde Cablevision.

Continued on Page 22

Weekend FT

CHARITY AT CHRISTMAS

John Lloyd returns to a London night shelter for homeless young people and finds the ghost of Christmas past.
Page I

First home in the FT Great Investment Race was Prudential Portfolio Managers. But the real winner is Charity Projects, the charity for young homeless and disabled people, which now has more than £809,000 to distribute to needy causes. The winner of the FT Readers' Race was Major E.W.S. Anderson, who receives £5,000 of Holborn unit trusts.
Page III

Diversions

Christian Tyler on the UK's silent minority of little big spenders: children
Page VIII

How To Spend It

On very special Christmas presents for all those "difficult" people you may know
Page XI

Arts

Antony Thorncroft looks at the dilemma at Sadler's Wells and asks if the Trust which runs the theatre has been too free with its name
Page XVII

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: $1.8135	New York lunchtime: DM1.7635, FFr6.0255, SFr1.4878, Y124.33	FT-SE 100: 1,773.7 (+10.5)
London: $1.811 (1.8285), DM3.1975 (3.195), FFr10.9075 (10.93), SFr2.6975 (2.6925), Y225.5 (same), £ index 77.7 (77.9)	London: DM1.766 (1.748), FFr6.0225 (5.9775), SFr1.489 (1.4725), Y124.5 (123.35), $ index 94.1 (93.3), Tokyo close: Y124.1	FT Ordinary: 1,436.0 (+8.7); FT-A All Share: 913.81 (+0.6); FT-A long gilt yield index high coupon: 9.37 (9.41)
GOLD: New York: Comex Feb $417.6; London: $411.75 (416.25)	US LUNCHTIME RATES: Fed Funds 8¾%, 3-mo Treasury Bills: yield: 8.41%, Long Bond: 99⅜ yield: 9.04%	New York lunchtime: DJ Ind. Av. 2,143.21 (-10.21); Tokyo: Nikkei 29,536.71 (-169.04)
N SEA OIL (Argus): Brent 15-day $15.165 (15.115)		LONDON MONEY: 3-month interbank: closing 13⅛ (13⅛)

Chief price changes yesterday: Page

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Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr7.00; Germany DM2.50; Greece Dr120; Hong Kong HK$12; Iceland ISK125; India Rup15; Indonesia Rp3,100; Ireland IR£0.80; Israel NIS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.25; Luxembourg LFr48; Malaysia Rm4.25; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.00; Norway NKr10.00; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.50; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L800; UAE Dh6.50; USA $1.50.

West Bank calm broken as four Palestinians die

By Andrew Whitley in Jerusalem

HOPES of a breathing space in the year-long Palestinian uprising were shattered yesterday in the West Bank city of Nablus, for months the centre of some of the fiercest resistance to the Israeli occupation.

Barely 24 hours after the US announced its far-reaching decision to open a dialogue with the Palestine Liberation Organisation, the funeral of a 15-year-old youth wounded a month earlier sparked off some of the worst clashes for many months with Israeli troops.

At least four Palestinians shot with plastic bullets died on the spot or soon after being admitted to hospital. Two others were reported by the state radio to be in critical condition, one of them clinically dead. Seventeen other protestors were injured, according to hospital officials.

After Friday mosque prayers, riots also broke out in several other parts of the West Bank, as well as in the Gazan border town of Rafiah. In villages around Tulkarem four people were reported injured, one seriously.

An army spokeswoman said the disturbances in Nablus, where building blocks and stones were hurled at troops, appeared to have been pre-arranged. Helicopters firing tear gas were used in imposing calm, and an indefinite, round-the-clock curfew was subsequently slapped on the city and the adjoining Balata refugee camp, affecting some 120,000 people.

Several moderate Palestinian leaders, notably Mr Hanna Siniora, editor of the leading East Jerusalem daily, Al Fajr, expressed the hope on Thursday that the opening of the US/PLO dialogue would lead to a slackening off in the violence.

However, a very different tack is being adopted by Gush Emunim – the militant Jewish settlers' body known as "The bloc of the faithful". Members of the group are on hunger strike outside Prime Minister Yitzhak Shamir's Jerusalem office, to press their case for a new settlement building programme.

Rabbi Moshe Levinger, a settler leader against whom police charges of killing an Arab shopkeeper were recently dropped, said yesterday that Israel's answer to the US/PLO dialogue should be to bring millions of Jews to live in the occupied territories.

A promise by Mr Shamir's Likud party to two small right-wing allies to build another 40 settlements over the next four years has emerged as yet another tricky obstacle to the conclusion of coalition negotiations with the centre-left Labour Alignment. The tortured process of forming a new government has now dragged on for 46 days, prompting renewed calls for a reform of the Israeli electoral system.

United Nations peacekeeping troops were combing South Lebanon last night for three soldiers from the Irish battalion, abducted by gunmen earlier in the day, writes Jim Muir in Nicosia. A spokesman for the United Nations forces (Unifil) said the three soldiers were snatched by two carloads of armed men from a checkpoint manned by the Irish contingent near Tibnin, about 10 miles north of the border with Israel.

The gunmen had opened fire on the checkpoint, pinning down the sentries while three of the Irish soldiers were bundled into a car and driven off.

De Mita defender scores an own goal

By John Wyles in Rome

MR ANGELO SANZA, a career junior minister from the Christian Democratic Party more renowned for his volubility than for his contribution to political theory, has this week added to the woes of his Prime Minister, Mr Ciriaco De Mita.

Anxious to defend the Premier against charges of benefiting from the earthquake reconstruction programme in his native Avellino, he claimed that a press campaign had been inspired by elements of the "old" Italian secret services linked to the notorious P2 masonic lodge.

Since Mr Sanza is directly responsible in the Prime Minister's office for liaising with the secret services, he was assumed to be speaking with some authority. However, when pressed by a parliamentary committee, he replied: "I was speaking as a Christian Democrat politician, not as a member of the Government."

The committee has concluded that the secret service has nothing to do with the stories, and opposition parties were yesterday calling for Mr Sanza's dismissal.

The Prime Minister claims that he has nothing to hide, but the Communists and many independent observers are convinced that a sizeable proportion of the more than L40,000bn (£16.8bn) allocated for earthquake reconstruction in the south has benefited the Christian Democrats and their supporters.

● The Sicilian Mafia's apparent determination to intimidate local businessmen who refuse to co-operate was one theory being pursued yesterday by magistrates investigating the murder on Thursday of Mr Luigi Ranieri, a prominent builder.

Golden horde lays waste Amazon

John Barham, in Manaus, on Brazil's uncontrollable gold rush

FOR 10 years, hundreds of thousands of men have fanned out through the Brazilian Amazon in an anarchic, violent, gold rush the likes of which the world may never see again.

The gold rush is the work of fiercely independent *garimpeiros*, or prospectors, some 600,000 of whom are working Amazon gold deposits, which yield 80 per cent of the country's gold. It is they who have made Brazil the world's fifth largest gold producer.

An overwhelmed foreign mining specialist said: "Only here can men still dream and make their fortunes. What other region in the world can you have gold that is not controlled by huge corporations?"

The cost, however, is immense. The *garimpeiros* bring death, destruction and disease. The front line of prospection is now advancing across the territory of the Yanomami Indians, one of the indigenous peoples most endangered in South America. Yet the prospectors' determination and mobility has more than once defeated half-hearted government attempts to reign them in.

Even mining companies, with more at stake, have rarely won clashes with them over mining rights. Mr Jose Altino Machado, a *garimpeiro* leader, said: "As long as the *garimpeiros* can shape their own destiny, no law, no regulation can hold them back."

As good as his word, in 1985 Mr Machado led a *garimpeiro* "invasion" of the Serra dos Surucucus in the northern territory of Roraima and home of the Yanomami. The Government tried to stop them by grounding their fleet of light aircraft. But the men simply hacked their way 150 miles through the jungle to reach the goldfields on foot.

A year ago, the Government gave in. Now, there are as many as 50 gold producing sites in Roraima, each a minute dot in the unending forest. Nearly all of them are in areas demarcated for the Yanomami.

The Yanomami village of Paapiu, close to the frontier with Venezuela, has become one of the *garimpeiros'* principal staging posts. Its airstrip, built 12 years ago by the Funai, the Government's Indian Foundation, now handles a flight every five minutes.

The Yanomami, Amazonia's largest tribal group, are helpless as prospectors steadily destroy their land and culture.

No one knows precisely, but it is believed that there are 18,000-20,000 Yanomami straddling Brazil and Venezuela, of which 5,000-9,000 are inside Brazil. Indian rights activists, journalists and other troublemakers are only allowed in with the Funai's permission. Permission is never forthcoming.

Ironically, Roraima is governed by Mr Romero Juca, whose previous appointment was as president of the Funai. However, there is little at Paapiu to embarrass the Government. Conditions are not greatly different from many of the Amazon's 2,000 other prospection sites.

The Sao Paulo-based Commission for the Creation of the Yanomami Park charges that the *garimpeiros* are co-opting the Indians and spreading disease, threatening their survival as a cohesive tribal unit.

Monosyllabic Funai officials at Paapiu say malaria is rife. Even Mr Machado admits that traditional Yanomami culture is doomed. He says they cannot and do not want to resist modern civilisation.

At Paapiu, 30 sullen Yanomami and several hundred boisterous *garimpeiros* coexist uneasily. Silent Indian youths with thin, twisted bodies watch the activity at the airstrip, but avoid the *garimpeiros*.

The surrounding jungle vibrates to the distant sound of diesel pumps the prospectors use to work the goldbearing beds of capillary streams. An untold number are encamped in the forest, where they lead a miserable, solitary existence working on a commission basis for the deposits' "owners".

The *garimpeiros*, working from dawn to dusk, attack the riverbeds and banks with high pressure jets of water. The mud is pumped over a primitive sluice table, which separates the gold from the sludge. The sluice tables recover only two-thirds of the gold, meaning that close to half a billion dollars worth of gold was lost last year.

In 1987, the *garimpeiros* mined 67 tonnes of gold in the Amazon, compared with 28 tonnes in 1981. They mix the gold with equal quantities of mercury, the toxic heavy metal. The mercury is burnt off, leaving pure gold.

The evaporated mercury finds its way into the environment. In other regions of Amazonia, it has already entered the food chain.

The *garimpeiros* move slowly upstream until the seam is exhausted. In the process, they silt up and kill the stream. Then they move off in search of more promising deposits. Mrs Marilia Cerqueira, of the Government's Special Secretariat for the Environment, said *garimpeiros* left a "moonscape" devoid of life after abandoning one mine.

Mr Machado has begun searching for more efficient and less destructive mining techniques which he hopes will take the heat of public opinion off them.

The gold rush has made only a small group exceedingly rich. One illiterate former peasant discovered a mine in the southern Amazon that now produces 1.5 tons a year. His personal net income is at least $1m a year.

Geraldo Pires, once a mechanic in Rio de Janeiro and now working knee-deep in a stream near Paapiu, is one of the anonymous horde who fled poverty in the south, lured by the example of Amazonia's gold millionaires. He has not found great wealth yet, but he is no longer poor. He earns about 50 grams of gold a month. In Rio he earned $50 a month, less than a tenth of what he gets now.

Gold output usually increases in years of economic recession. Over the past 18 months as the economy slumped, unemployment has increased and the number of *garimpeiros* in Amazonia has doubled. Only a few become even modestly rich. Those who do, usually blow their gold on booze, women and fast cars in a few weeks.

Even super-rich prospectors find it hard to hold on to their money. Jose Candido de Araujo became so rich he bought a Learjet and ten other aircraft. Six months later his money was gone.

Brussels clears plan to make car insurance more competitive

By William Dawkins in Brussels

A LONG-AWAITED plan to liberalise the provision of motor insurance across the EC was yesterday adopted by the European Commission.

The main impact will be to allow fleet, but not private, car-buyers to choose more freely between the policies of companies from different member states. The extra competition could lower premiums in some of the more protected insurance markets.

However, private motorists will not enjoy the same freedom because the Commission thinks they are too vulnerable to exploitation by dishonest or insecure companies from other member states.

The directive is restricted to motor policies taken out by large industrial and commercial concerns, which are felt to be more capable of assessing the risks of insuring vehicles with foreign companies. It covers third party insurance, as well as optional cover for damage to drivers' own cars.

The scheme works on exactly the same lines as a plan, agreed by member states early this year, to liberalise the market for non-life insurance, mainly general risks for big corporate clients.

Motor insurers which comply with a basic EC professional code and are already registered in their own country can do business in another state without seeking authorisation all over again, as is required at present. That means they could set up offices freely across the EC or do business by telephone and post without seeking national authorisation.

There is no requirement for non-EC motor insurers to offer European insurance providers equal access to their own markets, the so-called reciprocity clause present in most of the recent Commission proposals for liberalising financial services.

However, similar proposals for the life insurance industry, due to be adopted by the Commission next week, are likely to include a reciprocity test. The life and motor insurance schemes will need to be agreed by a qualified majority of member states to take effect.

Bilak quits Czechoslovak leadership

By Leslie Colitt in Berlin

MR VASIL BILAK, the senior Czechoslovak party official who is believed to have asked Moscow to occupy his country in 1968, has resigned from the ruling presidium together with Mr Josef Kempny, another hardliner. Mr Mikulas Beno, a central committee secretary, has also quit.

The 71-year-old Mr Bilak served as the party's strident ideology chief but has been unusually reserved for the past year. He has been succeeded by the younger, but equally orthodox, Mr Jan Fojtik.

The departure of the two presidium members marked a strengthening of the centre of the conservative leadership which is occupied by Mr Milos Jakes, the party leader.

Mr Bilak always vehemently denied he had been instrumental in the Soviet occupation of his country. He held the two highest Soviet decorations which can be given to a foreigner.

Rigid EC work safety rules worry UK

By William Dawkins in Brussels

WIDE-RANGING plans to set common European Community requirements for health and safety at work were yesterday being held up by Britain.

A meeting of the 12's social affairs ministers were struggling towards compromise on the plan, which would specify duties for employers across Europe to appoint health and safety experts and limit workplace risks.

Mr John Cope, the UK Employment Minister, accepted the broad thrust of the directive. But as the meeting continued into the evening, Britain voiced worries that the strict Continental European legal system on which the directive is based would raise serious practical problems for the relatively flexible way British worker safety laws are applied.

The UK had little room for manoeuvre, since the scheme only needs a qualified majority of EC members to become law, though it was unclear whether it would be forced to a vote last night.

Moscow to keep contacts with S Africa after Angola pact

By Quentin Peel in Moscow

THE SOVIET UNION intends to maintain its contacts with South Africa in the wake of the settlement in Angola and Namibia, a top official said yesterday.

Mr Anatoly Adamishin, a deputy Foreign Minister, and the man most closely involved in the Angola-Namibia negotiations, gave the strongest official confirmation yet of a shift in policy towards South Africa, stressing Moscow's desire to work for the dismantlement of apartheid "by political means, through negotiation."

He recognised that the South African Government was itself "painfully reviewing its values."

Mr Adamishin, who worked closely on the Angola accord with Dr Chester Crocker, the senior US official, said the deal represented "an evolution" in South African thinking, both in external and internal policy.

"Many years of confrontation did not bring any good to them. They have to have contacts with neighbours.

"They have even made statements that they will get rid of racial discrimination. Those are reasonable words, but the question is how strong those words will resound in the actual policy of the country. There is a struggle under way."

Asked specifically if the Soviet Union would maintain its contacts "with the South African white minority," he said he thought it would.

On the situation in Angola, Mr Adamishin admitted that the country faced grave internal problems, but he would not be drawn into any recommendation that the Luanda government should talk to Unita guerrillas led by Dr Jonas Savimbi.

He said the Angolan Government believed – and he considered their position "well grounded" – "that Savimbi is too notorious a figure, who brought too much pain to his own people" to be included in any government of national reconciliation.

Mr Adamishin said that the Soviet Union would respond "carefully and positively" to any official invitation to join the commission to be established to resolve potential disputes in the peace process.

● A new UN peacekeeping force would monitor the withdrawal of 50,000 Cuban troops from Angola, a UN official said yesterday, AP reports. Another said the force would probably be no larger than 50 men. US spy satellites are expected to provide the intelligence data that South Africa demands.

US house building up by 1.4%

By Anthony Harris in Washington

US HOUSE-BUILDING activity rose strongly in November, continuing its recovery from the deep slump of the past two years despite high mortgage interest rates. New starts rose by 1.4 per cent, seasonally adjusted, after rising 5.5 per cent the previous two months.

However, yesterday's figures from the Commerce Department show activity is still well behind the 1987 level, and far below its 1986 peaks. Housing starts are now projected to reach 1.45m this year, compared with 1.62m in 1987 and 1.86m in 1986.

Figures for new building permits, which are subject to far less revision than those for building activity, cast some doubt on how much further this recovery will go. New permits were virtually unchanged in November, after a very strong rise in October. This suggests that activity may be stabilising at about the mid-1987 level. The figures were nevertheless stronger than expected.

The Commerce Department also reported that producer prices rose at a 3.2 per cent annual rate in November. This figure was dominated by a bounce-back in petroleum prices, which had fallen sharply in October.

Tower's long wait at an end

Lionel Barber profiles Bush's choice for Defence Secretary

AFTER WEEKS of speculation about womanising and alcohol and an exhaustive FBI background check, President-elect George Bush yesterday named Mr John Tower as his Defence Secretary.

It is a job which the 63-year-old former Republican Senator from Texas has coveted for at least eight years, and one for which, on the surface, he appears well qualified.

As a former chairman of the Senate Armed Services committee with 24 years experience in Washington, Mr Tower has the kind of contacts needed if he is to rebuild the pro-defence constituency in Congress that fractured in the last years of the Reagan presidency.

He has also experience, albeit brief, of serving as President Reagan's negotiator on long-range missiles at the nuclear arms talks with the Soviet Union between 1985-6.

The question is whether Mr Tower has the management skills to tackle one of the toughest problems facing the Bush administration: reorganisation of the Pentagon budget which is suffering from a huge mismatch between planned spending and congressionally approved funds.

Tower: rebuilding job

For Mr Tower built his reputation as a Senate conservative who was one of the architects of Mr Reagan's $2,000bn military build-up in the early 1980s. He now finds himself in the reverse role staring at the prospect of zero growth budgets and a pile of high-tech weaponry whose costs are rapidly rising out of control.

He is likely to try to head off an early clash with Congress by pressing for a two-year appropriation of funds, with zero growth after inflation and more flexibility on spending priorities. This would enable him to avoid the annual firefights over the budget, or so the Tower thinking goes.

Mr Tower, who has a taste for Saville Rowe suits, English cigarettes, and fine whisky, is likely to bring a dash of colour to the job. Short in stature, he compensates with a rich baritone and a reputation for toughness.

The son of a Methodist minister, he spent a year in 1952 at the London School of Economics. He won the seat vacated by Lyndon Johnson in 1961, and became the first Republican elected to a state-wide office in Texas this century.

Since retiring from the Senate, Mr Tower has kept his hand in Washington affairs. Last year, he chaired the presidential panel investigating the Iran-Contra scandal. His three member commission, which included General Brent Scowcroft, Mr Bush's National Security Adviser, was critical of Mr Reagan's role in the affair, but sparing of the Vice President.

Swiss set tight money target

By William Dullforce in Geneva

THE SWISS National Bank yesterday announced a 2 per cent target for the growth in money supply in 1989, signalling a more restrictive monetary policy than that it has pursued for the last two years.

The tighter monetary stance was underlined by the simultaneous announcement of 0.5 per cent increases, from Monday, in the SNB discount and Lombard funding rates to 3.5 per cent and 5.5 per cent respectively. Swiss commercial banks will raise their private discount rate from 4.75 per cent to 5 per cent from Monday, the Bankers' Association said later.

The SNB's 2 per cent target for the growth in an adjusted monetary base in 1989 will be calculated from the average level of the base in the fourth quarter of 1988, not as previously from the average for the previous year as a whole.

Mexico seeks $7bn foreign funds

By Richard Johns in Mexico city

MEXICO IS seeking $7bn in net external financing next year to help finance its budgetary deficit, to reduce drastically the outflow of capital resources and lay the basis for modest renewal of growth in 1989.

Mr Pedro Aspe, the Minister of Finance, finally revealed the borrowing requirement at the eleventh hour when he was allowed to deliver his presentation of the government's 246,500bn pesos ($108bn) budget.

By law it must be made before midnight of December 15 but earlier a crowd of several hundred demonstrators had surged, unopposed by security forces, though the foyer of Congress and into the gallery of the Chamber of Deputies where they disrupted the proceedings for two hours.

The protesters, who were public servants demanding a 100 per cent wage increase and the traditional bonus paid at the end of a presidential term, chanted "Death to the PRI," (the ruling Institutional Revolutionary Party).

Mr Aspe made it clear that the resumption of growth in the Mexican economy is dependent on a a substantial inflow of capital and a sharp reduction in the net transfer of resources. This year debt servicing will cost $12bn-$13bn and will be the equivalent of 5 per cent to 6 per cent of gross domestic product, or 40 per cent of export earnings.

Mexico is looking for a net increase in foreign exchange availability – in the form of new credits and/or through a decrease in its debt servicing obligations – to cover a forecast $5bn current account deficit in 1989 compared with $3.5bn estimated for this year.

Canadian chief

Mr Brian Mulroney, Canada's Prime Minister, has appointed Mr Stanley Hartt as his chief of staff, in a move that has been widely applauded, David Owen writes from Toronto. A leading corporate lawyer, Mr Hartt returned to his Montreal practice only last April after three years as deputy finance minister.

Armenian nationalist clampdown ordered

By Quentin Peel in Moscow

SOVIET officials have launched an all-out campaign against Armenian nationalist leaders, claiming they are confusing and hampering the huge relief effort for survivors of last week's earthquake.

As the Soviet authorities struggle to co-ordinate a flood of aid into the stricken region, to evacuate women and children and continue an increasingly hopeless search for survivors, they claim that the powerful nationalist movement has attempted virtually to set up an alternative administration.

The Soviet leadership has clearly decided to clamp down on the nationalist movement, while paying fulsome tribute to the international disaster relief, from 70 different countries, with more than 2,000 workers still searching for survivors and aiding the victims.

Official sources confirmed yesterday that 22 people were arrested last Sunday, including five members of the powerful Karabakh Committee, the banned group which has co-ordinated Armenian demonstrations over the status of the enclave of Nagorno-Karabakh, in neighbouring Armenia.

Since then, dissident sources say at least eight more leading nationalists, both from the Karabakh Committee and the more radical Armenian Self-Determination group, have been detained, while one of the original group has been released.

The Soviet press yesterday was dominated by denunciations of the nationalist leaders, accusing them of spreading rumours and alarm, and hampering the relief effort by attempting to set up virtually an alternative rescue operation.

Armenians were also flatly rejecting aid and relief workers from neighbouring Azerbaijan, in one instance threatening to kill a crew of welders and crane drivers if they began work, according to a report in Sotsialichestkaya Industriya newspaper.

"The voices of the officially-disbanded Karabakh Committee of provocateurs have been raised once more," Pravda, the Communist Party newspaper, said. "These people are arousing anger in the souls of those who have not yet recovered from the shock, caused by the tragedy and the death of their relatives and friends, causing them new and groundless suffering. All this they claim to be doing 'to save' the Armenian nation." Pravda, which has itself carried highly critical reports of the first days of organising disaster relief, said the Karabakh Committee had blamed "the party and Soviet organisations of the republic..."

The Karabakh Committee had set up its own headquarters in the Union of Writers' building in Yerevan, from where they had a whole administration of sub-committees organising rescue work, issuing passes for relief lorries, and co-ordinating information on the disaster, the newspaper said.

● France, following the US, announced the withdrawal of its 497-strong relief team saying it had completed its mission.

Two bombs explode at Bandaranaike poll rally

By David Housego in Colombo

THE PROSPECT of Sri Lanka's presidential elections being disrupted by violence grew stronger yesterday. The final campaign meeting on the outskirts of Colombo of Mrs Srimavo Bandaranaike, the opposition candidate, collapsed in disorder after two bombs were thrown.

More than 15 people were injured by the explosion and the gunfire that followed. They included a security guard of Mr Ronnie de Mel, former Finance Minister and now a member of Mrs Bandaranaike's Sri Lanka Freedom Party (SLFP).

Mr de Mel accused the security forces of being behind the incident because the Government feared a defeat in Monday's vote.

In remarks also indicative of possible electoral violence, Mr R. Premadasa, the Prime Minister and presidential candidate for the ruling United National Party, told supporters at a final rally: "I am confident that we will have a 1m vote majority."

Political analysts are virtually unanimous in believing that in a fair poll the UNP, in power for 11 years, would be defeated. The SLFP fears that violence over the election period will deter voters.

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OVERSEAS NEWS

Afghan rebels to renew attacks on Soviet forces

By Christina Lamb in Islamabad

AFGHAN resistance forces say they will resume attacks on withdrawing Soviet troops as well as the rocketing of major cities blaming continued Soviet air sorties and claiming that the Soviets have redeployed 5,000 men in Kandahar, the country's second largest city.

The resistance had recently reached a controversial understanding with the Soviet side to allow them a safe passage home. Although many individual commanders had struck deals with not to fire on the departing Soviet troops, the guarantee on behalf of the seven-party resistance alliance was only agreed in early December during the first high-level talks between Soviet officials and the Afghan Mujahedin which took place in Saudi Arabia.

The Soviet side was anxious for a dignified retreat and much pressure was placed on the resistance by Pakistan who feared repercussions on its territory if a main town was to fall while still under Soviet occupation. The Mujahedin have yet to capture a significant provincial capital but Kandahar and Jallalabad are both under siege and described by visiting journalists as "on the verge of falling".

The Mujahedin had refrained from launching a big attack out of consideration for civilians and more recently because of changes in Pakistan which now favours a peaceful solution. Western diplomats in Islamabad described the situation around the main cities as a *de facto* ceasefire. Rocket attacks on Kabul which were extremely frequent during the summer have slackened off.

However, the Soviet forces have continued an average of 200-300 air bombing attacks per day and the Mujahedin are beginning to lose patience. Mr Abdul Rahim, spokesman for the resistance alliance, said: "The Soviets have broken their side of the agreement. From now on they will not be spared."

Many resistance fighters have been against direct negotiations with the Soviet side, arguing that they have the upper hand militarily, so have no need to compromise. A second round of peace talks is scheduled to be held in Islamabad around the end of the month, but the redeployment in Kandahar, if confirmed, may threaten these. Abdul Rahim said: "This goes against everything we've negotiated. The Soviets are talking peace while doing something different. We can no longer guarantee safe passage for their withdrawing troops."

Greek MPs set for key budget vote

By Andriana Ierodiaconou in Athens

AMID GROWING symptoms of a collapse from within, the Greek Socialist Government braced itself yesterday for a critical weekend vote in parliament on the 1989 budget.

The vote will be overshadowed by a series of resignations and dismissals of dissenting Cabinet ministers, which the Government fears might catalyse a deputies' rebellion. The latest departure featured Mr Theodore Karatzas, the assistant Economy Minister, who resigned on Thursday night, only hours before he was due to address the house on the budget.

Mr Karatzas was the fifth minister to go in a fortnight and the second in 24 hours, following the resignation on Wednesday of Mr Stathis Yiotas, the deputy Defence Minister. In leaving, all five directly or indirectly castigated the Government for its inertia before charges of corruption, particularly in connection with the scandal involving former banker and press baron Mr George Koskotas.

Mr Koskotas, who had close links with the Government, was charged with massive fraud last October, and was arrested in the US the following month after escaping from Greece. The scandal has severely weakened the control of Mr Andreas Papandreou, the Prime Minister, over both the Government and the Socialist Party.

The critical problem confronting the Government yesterday was whether it would achieve a majority during the vote on the 1989 budget, scheduled for Sunday.

Strategic islands obstruct Soviet-Japan accord

Ian Rodger describes the issues facing Eduard Shevardnadze on his Tokyo visit

WHEN Mr Eduard Shevardnadze, the Soviet Foreign Minister, arrives in Tokyo on Sunday for his first official visit to Japan in nearly two years, he will immediately sense a changed mood in the air.

This is because the Japanese Government, which wants to put its long tormented relations with the Soviet Union on a more cordial footing, has gone to the trouble of banning demonstrations in the areas Mr Shevardnadze will visit.

Anyone who has been in Tokyo when an event involving Japan and the Soviet Union is in the news knows that this is no small offering. Japan's extreme right-wing organisations seize on the slightest pretext to parade down Tokyo streets in convoys of loudspeaker trucks blaring their displeasure at a deafening pitch. Such is the lingering sensitivity of wartime clashes with the Soviet Union that the authorities are usually squeamish about stopping them.

Whether the quieter atmosphere on the streets will carry over to the three days of talks between Mr Shevardnadze and Japanese political leaders remains to be seen. Both governments have strong economic reasons for wanting to improve relations. The Soviet side is aggressively seeking Western expertise to pursue its perestroika policy, and Japanese businessmen are more than a bit nervous about being beaten by West European, US and even South Korean and other Asian competitors in the gradually opening Soviet market.

However, neither side seems willing yet to give way on the one longstanding political issue that separates them – a

Shevardnadze: three days

territorial dispute over four small islands occupied by the Soviet Union at the end of the Second World War.

The islands, located between Hokkaido and Kamchatka peninsula, have considerable strategic value for Moscow, as they protect a way for the Soviet fleet to move between the Sea of Okhotsk and the Pacific. Japan, which has no reason to sympathise with this concern, has insisted that they be returned, and has refused to sign a post-war peace treaty with the Soviet Union until the issue is settled.

Until a few months ago, the Soviet side refused even to acknowledge that a dispute existed. However, during the summer, it was noticed that the question was being discussed openly in Soviet academic circles, and new ideas, such as leasing the islands to Japan or ceding two of the four, emerged.

The Japanese Foreign Ministry, for which the territories issue is sacred, was more impressed when Mr Shevardnadze himself, in a meeting with the Japanese ambassador in Moscow early this week, said that the two sides "should exchange views on how to take away the obstacles which hinder the development of our relations".

This sort of statement was heard in January, 1986 when Mr Shevardnadze last visited Tokyo and nothing came of it then. Thus, diplomats in Tokyo would be surprised if the Soviet foreign minister does bring concrete concessions next week. If he does, he will put the Japanese on the spot. Asked if Japan was prepared to make any concessions, a Foreign Ministry official said this week, "our basic position is unchanged, but we are going to discuss the issue very seriously".

The question that then arises is the extent to which the Japanese will be prepared to let economic relations develop regardless of the political stalemate. Until recently, this has not been much of an issue because the Soviet Union has not had the foreign exchange or the will to do much trading with the West. However, as the internal economic reform movement has advanced, opportunities have been increasing at a tantalising pace, and Japanese businessmen have become more interested.

Japan has already allowed economic relations to grow considerably despite the political problems. Its overall trade of nearly $6bn a year with the Soviet Union is more than double the level of US or UK bilateral Soviet trade. And Japan-Soviet trade has grown briskly this year, exports rising 27.5 per cent to $2.9bn in the first 11 months while imports rose 19.2 per cent to $2.6bn on a customs cleared basis.

The Keidanren, Japan's powerful federation of business organisations, sent eight sectoral missions to the Soviet Union during the autumn. In late October, the Government sent a high level official delegation to Moscow for talks on removing various regulatory barriers to trade. Then last month, the Soviet Government signed a protocol for a $5bn petrochemical project joint venture with a Japanese consortium led by Mitsubishi. It has also sounded out two Japanese motor companies on building a car factory in the Soviet Union.

The Japanese Government appears somewhat ambivalent about these developments. On the one hand, it recognises that many Japanese businesses are getting edgy as they see Western European companies doing deals in the Soviet Union. It also knows that Moscow is playing off Japanese companies against South Koreans and others in Asia in its search for industrial partners.

However, it also worries them that if industrial co-operation grows rapidly, there will be nothing left with which to pressure the Russians on the territorial issue. And, in common with other Western Governments – while it is impressed by perestroika – it is not ready to provide substantial support for it. "Assistance is not a notion that our government is considering. We are watching carefully to see if these reforms change Soviet objectives in any way," a Foreign Ministry official said.

What seems likely to emerge from the Shevardnadze visit, apart from an improved tone, is an agreement to set up a bilateral commission which would be charged with studying political matters in general, with it being understood that the islands issue would be discussed. In return, Japan would agree to set up a second study group aimed at improving economic relations.

But the main improvement will be symbolic. During the visit, the two sides will ratify a treaty that was originally agreed in 1973 on the protection of migratory birds. The treaty has never been put into force because, at an early stage, there was a need to exchange information on two endangered species located on the disputed islands and they could not figure out how to do it.

In preparation for the Shevardnadze visit, officials on both sides have finally managed to find a form of words that would enable them to resume exchanges without prejudice to Japan's position on the islands.

"If this kind of constructive approach was applied to all areas of Japan-Soviet relations, that would be truly helpful," said Mr Kazuhiko Togo, director of the Soviet Union division in the Japanese Foreign Ministry, this week. "If the bird issue becomes a symbol of how we are looking at the Soviet visit, that will be most welcome."

Australian balance of payments worsens

By Chris Sherwell in Sydney

ANOTHER POOR monthly balance of payments performance by the overheated Australian economy has badly hurt confidence that the country's chronic current account deficit is trending downwards.

Figures released yesterday by the Bureau of Statistics showed a deficit for November of A$1.55bn (£722m), again exceeding expectations and giving a total for the first five months of the financial year of A$7.35bn.

This is three-quarters of the way to the Government's now highly optimistic forecast for the year of A$9.5bn, which was made in August and has now been consigned to the dustbin.

It is also well ahead of the A$5.7bn figure for the same period last year, and means a sharp improvement is needed to produce a 1988-89 result ahead of last year's A$12.2bn, which has itself been revised upwards from A$11.8bn.

Pressure is now mounting on the Labour Government to take further action before the external position veers out of control. Analysts said it was only the imminence of the summer holidays and government tiredness which was delaying fresh action.

Mr Paul Keating, the Federal Treasurer, admitted yesterday that the figure was "higher than we would have liked". But he emphatically ruled out a shift in policy, pointing to the encouraging surge of capital imports and the promise of improvements in export earnings.

He forecast that the deficit would still finish lower as a percentage of gross domestic product, and played down the shocked reaction of Senator Peter Walsh, Finance Minister, who admitted in parliament that the latest figure was "alarmingly high" and "serious".

Opposition Liberal Party politicians insisted the Government could no longer rely on tight monetary policy to contain demand, and urged further cuts in public sector spending if the Government went ahead with planned tax cuts next year. Mr Andrew Peacock, the shadow Treasurer, said Labour's policy was not working, and called for an early mini-budget.

All this comes at a time of growing worries over a possible wages explosion in the coming year as unions campaign for high increases in return for "restructuring" the agreements under which pay deals are negotiated.

On the financial markets yesterday, the Australian dollar weakened sharply, finishing at 62.0 on a trade-weighted basis (May 1970=100), down from 62.6, and fell more than a cent against the US dollar. One week ago it stood at 63.3. Short-term interest rates firmed, and the share market lost further ground.

Phnom Penh says it can tackle the Khmer Rouge

HUN SEN, the Kampuchean Prime Minister said yesterday all Vietnamese advisers had been withdrawn with nearly three-quarters of Hanoi's forces, but maintained his government could successfully confront the Khmer Rouge on the battlefield, Reuter reports from Phnom Penh.

Noting that all Vietnamese troops are due out of his country by 1990, Hun Sen said: "We still have two years and we must race quickly to be ready."

Hun Sen spoke to about 150 foreign correspondents as Hanoi's army units began withdrawing from western Kampuchea towards the Vietnamese border. The partial pullout, said to involve 18,000 troops, began on Thursday and will continue until December 21. The move is a stage in a Vietnamese pullout that is part of diplomatic manoeuvring towards settling the conflict.

Hun Sen said his government would accept unconditionally about 300,000 Kampuchean refugees from along the Thai-Kampuchean border and they could be reintegrated into society within six months. He said his Government and the United Nations High Commissioner for Refugees were close to signing an accord for the repatriation of refugees, but said the guerrillas fighting Phnom Penh were using the refugees for their own ends. "We are ready to accept them regardless of their numbers and with no conditions."

The 37-year-old prime minister said Pol Pot remains the most important leader of the Khmer Rouge while Khieu Samphan, the titular president, ranks only number eight in the Khmer Rouge hierarchy and had no military power.

Boat-people to go home

By John Elliott in Hong Kong

HONG KONG hopes to start repatriating 100 Vietnam refugees next month following the signing in Geneva on Thursday of an agreement between the Hanoi Government and the United Nations High Commissioner for Refugees.

The 100 are among 360 boat people who have volunteered to go home. They are part of a total of 9,950 refugees from Vietnam who have arrived since June when the colony's Government toughened its rules and said that arrivals would not automatically be regarded as refugees. It is screening the large proportion of new refugees who have not volunteered for repatriation and last night said that of 438 screened so far, only 38 have been found to be genuine political refugees.

● Sir David Wilson, Hong Kong's Governor, said last night that there was "no question" of action being taken against demonstrators on an issue "which does or does not affect China". In a television interview he rejected a suggestion that free speech had been put at risk by two senior Chinese officials who last week strongly criticised liberal campaigners' hunger strikes.

UK NEWS

GEC-Siemens bid for Plessey 'within EC law'

By Raymond Hughes, Law Courts Correspondent

THE AGREEMENT between the General Electric Company, of the UK, and Siemens, of West Germany, to make a joint £1.7bn bid for the Plessey electronics group did not break European Community competition rules, the High Court was told yesterday.

Mr Jonathan Sumption, QC, for GEC and Siemens, said: "There is nothing in this agreement about sharing out markets. There is nothing about excluding any of the participants in the proposed new group from any field of research. There is nothing about any concerted anti-competitive practice."

Mr Sumption, opposing Plessey's claim for an injunction preventing the bid from going ahead until the European Commission has decided whether it is permissible under EC law, said an injunction would have drastic consequences for GEC and Siemens.

They would probably be forced to abandon the bid and, unless allowed by the City's Takeover Panel, could not mount a fresh one for a year.

Plessey says the bid results from an "unlawful marriage" between GEC and Siemens and would breach article 85(1) of the Treaty of Rome by distorting competition within the EC.

It also says the joint venture breaks an undertaking given by GEC to the Trade and Industry Secretary not to acquire more than 15 per cent of Plessey.

Mr Sumption said the bid proposals had two distinct parts, the acquisition and the post-acquisition operation.

The mere acquisition of shares in another company, even if it conferred control, had never been treated as contrary to article 85(1), he said.

It was the operational effects of the bid that were alleged by Plessey to constitute a deal distorting the market. But those effects were not imminent. The deal envisaged a time interval during restructuring, in which Plessey would carry on as normal.

The kind of injunction Plessey sought was only granted to prevent imminent prejudice, Mr Sumption argued.

He said GEC and Siemens contended that their deal was not contrary to article 85 because its effect was to increase competition, which was at present limited by the size and national basis of many participants in the market.

Even if the Commission were to conclude that there was some prospect of restriction or distortion of competition, the case for an exemption under article 85(3) was extremely strong.

"It is clearly recognised that a combination of research resources in fields such as this is potentially highly beneficial to the EC," Mr Sumption said.

The object of article 85 was to prevent companies being damaged by distortion of competition – not by hostile bids. Mr Sumption urged the judge to leave the decision on the dispute to the Commission, which, he said, had indicated that it would take no more than six weeks to decide whether to take interim measures.

The hearing continues on Monday.

Guinness defendants face fewer charges

By Clive Wolman

THE NUMBER of fraud and related charges against the seven men in the Guinness affair has been reduced from more than 100 to 65. There is also the growing prospect of two separate trials being held, starting next September.

The amended indictment, which streamlines the charges against the accused while removing little of substance, was sent to the defendants by the Serious Fraud Office on Thursday night in advance of a pre-trial hearing in Southwark Crown Court yesterday.

A further reduction in the number of charges is likely before the trial, the SFO said.

Mr Justice Henry is considering a prosecution suggestion that the charges be severed so that there would be two trials.

In a severance, one trial would be of Mr Ernest Saunders, the former Guinness chief executive, with Mr Gerald Ronson, head of the Heron Corporation, Mr Tony Parnes, the former stockbroker, and Sir Jack Lyons, the millionaire financier, many of the charges against whom overlap.

The other trial would also feature Mr Saunders, with Lord Spens, the former head of corporate finance at Ansbacher Merchant Bank, Mr Roger Seelig, the former Morgan Grenfell corporate finance director, and Mr David Mayhew, senior corporate finance partner at the stockbroking firm, Cazenove and Co.

Mr Mayhew is to ask for a pre-trial dismissal of the four charges against him, which include conspiracy to defraud shareholders in the Distillers company.

The other defendants have not yet decided whether they too will seek a dismissal of some, or all the charges against them.

Mr Justice Henry granted a *two-month adjournment* before any pre-trial hearings to allow the lawyers acting for Mr Saunders further time to study the evidence against him. Mr Saunders was granted legal aid only on Tuesday.

DTI amends rule on non-competition

MOST non-competition agreements signed in connection with the sale of companies will no longer need to be lodged with the Office of Fair Trading, the Department of Trade and Industry has decided. The agreements, of which 1,200 have been filed, generally did not impede competition since they were only intended to protect the goodwill of the business being sold, the department said.

● Small and medium-sized groups of companies will be exempted from the need to prepare group accounts by the next Companies Act, said Mr Francis Maude, corporate affairs minister. It will affect companies meeting two of three conditions: turnover below £9.6m; balance sheet total below £4.7m; fewer than 250 employees.

A word too far in the salmonella debate

Philip Stephens explains how Mrs Edwina Currie contributed to her own demise

IT MIGHT, to use one of the hundreds of awful clichés coined over the past two weeks, have been a storm in an eggcup.

Instead it has ended up costing the most colourful and talked-about minister in the Government her job and landing taxpayers with a bill for several millions of pounds.

For Mrs Margaret Thatcher, the Prime Minister, the hope must be that the resignation yesterday of Mrs Edwina Currie as a junior health minister will spell the end of the latest in a series of embarrassing public-relations disasters.

It will be followed on Monday with the details of the planned programme to buy in the millions of surplus eggs that have built up after Mrs Currie's forthright remarks two weeks ago on the dangers of salmonella poisoning.

The whole, slightly unreal, furore, began with one of the countless interviews on health matters that Mrs Currie regularly gave on television.

On it, the health minister had said that "most" of the country's egg production was infected with the salmonella virus. Those brief remarks created an immediate uproar, but Mrs Currie had the temerity to defend them in subsequent interviews.

In a perverse tribute to her influence, within a matter of days the country's egg industry claimed that it was threatened with total ruin and the Government faced the prospect of a flood of writs for damages from bankrupt producers.

As Conservatives from the shires demanded the head of the self-confessed self-publicist, the ministries of health and agriculture were visibly at odds over whether the Government should be defending the interests of egg producers or consumers.

For much of this week, senior ministers from Mrs Thatcher down have been locked in meetings to try to ameliorate the situation. By early yesterday it was clear that a £500,000 advertising campaign, cobbled together on behalf of the industry, was not going to be enough.

There was also a risk that if the junior health minister stayed, the much more expensive buying-in programme, which has been discussed since Monday, might also fail to get the Government off the hook.

So, after lengthy conversations throughout the morning with Mr Kenneth Clarke, the Health Secretary, with Mr David Waddington, the Chief Whip, and with Mrs Thatcher herself, Mrs Currie went.

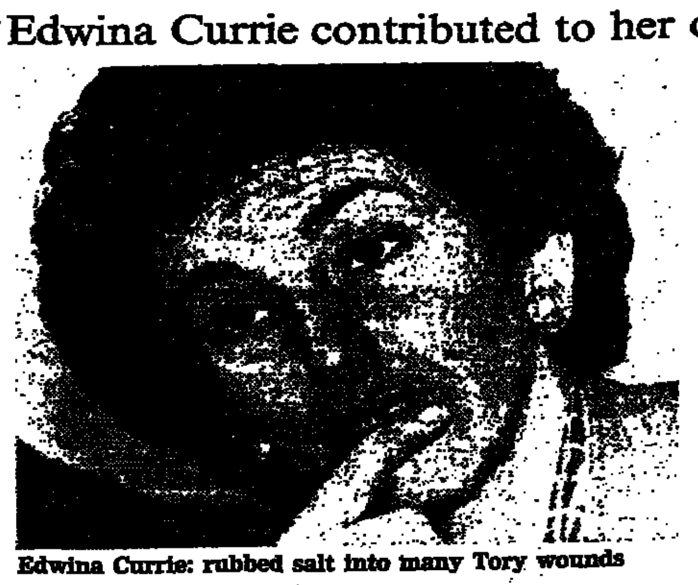
Many in the House of Commons will not miss her contributions from the Government front bench – not only because of her public gaffes.

Her unabashed lectures on the nation's eating, drinking and smoking habits have infuriated as many on her own side of the House as on the opposition benches.

Who else would tell northerners to change their eating habits, tell City gents that they drink too much, or seek to ban smoking by her own boss at the health department? Who else would never tire of telling everyone that she happened to share a birthday with the Prime Minister, or talk frankly about her tastes in frilly underwear?

Her pushy self-promotion and unashamed courtship of the media rubbed salt in the wounds of the many Conservative MPs who have made a habit of standing on the dignity of the Palace of Westminster.

"She's only after press cuttings" was the message of aggrieved Tories this week – although they would probably do almost anything to secure a fraction of the attention Mrs Currie has received.



Edwina Currie: rubbed salt into many Tory wounds

Many far senior ministers who have seen her flamboyant style turn her into the second most recognised member of the Government in less than two and a half years as a junior minister will be equally content to see Mrs Currie return to the wilderness.

Such rivalry is obviously the stuff of politics. But there has also been an unpleasant hint of snobbery in the attacks on Mrs Currie from her patrician colleagues from the shires.

She after all is one of the new breed of Thatcherite Tories – the Jewish daughter of the owner of a men's clothing shop, and *someone* who has never sought to take the roughish edge off an accent blended during an upbringing in Liverpool and Birmingham.

Less prejudiced observers will often admit that there has been a good deal of common sense wrapped up in the insensitivity and publicity hype.

When was there last a health minister who was really willing to take on the tobacco lobby? – one Whitehall official asked yesterday.

It was taking on the farming lobby, however, that proved fatal.

The irony is that Mrs Currie's downfall was based on one word - the reference to "most" of the country's egg production being infected. If Mrs Currie had said "much" she probably would have survived. Similarly, she would have been correct to say that salmonella can be detected in most of the chickens bred for consumption rather than laying.

Many in the Health Department, including, it is said, Mr Clarke, shared her view that the Ministry of Agriculture had been dragging its feet in responding to the salmonella threat.

It is after all a real issue that has been known about for several months but until two weeks attracted little public attention.

Only hours before Mrs Currie's resignation yesterday, the Government's medical adviser was again asserting that far more than the 1,000 people counted officially have probably been affected by the salmonella outbreak.

Mr Clarke, who during his relatively brief spell as health secretary is said to have been frequently irritated by her outspokenness, has defended her strongly during the past two weeks. His message of regret at her departure did not have the hollow ring of many such notes.

Whether that departure will actually be enough, along with the new buying-in scheme, to solve the Government's problems is a different question.

With more than a touch of irony, the writs from egg producers began arriving just as Mrs Currie was clearing out *her press cuttings and other* personal effects from her smart Whitehall office yesterday afternoon.

Mrs Currie, meanwhile, for the first time in her brief but dramatic ministerial career, was trying to dodge reporters.

Egg producers' prosecution 'riddled with difficulties'

By A.H. Hermann, Legal Correspondent

FROM THE legal point of view, the proceedings started by the egg producers against Mrs Edwina Currie, for "slander of goods, negligent mis-statement and malicious falsehood," appear to Prof Basil Markesinis, of Queen Mary College, London, "on the basis of the scanty information available to him" to be "riddled with difficulties."

Earlier decisions make it unlikely that they could succeed without some new development of the law by the courts.

Whatever prospects the egg producers have of succeeding in the courts, it would be a questionable business judgment to let it come to trial. Any attempt by the defence to show that Mrs Currie's statement about salmonella infected eggs was justified could only further increase the consumers' fears.

A judgment vindicating the producers would come too late to repair the damage already done.

The trial could hardly proceed without a wrangle about the release of advice Mrs Currie obtained from her officials, probably covered by the Official Secrets Act.

Mrs Currie made her statement as a Government Minister and it has been confirmed from the office of the Solicitor General that the Crown will take up her defence. Almost all ministerial decisions or statements that are beneficial to one group of citizens may be detrimental to others. That is an everyday experience of foreign, as well as domestic, economic policy.

It was held in Anns v Merton Borough Council ([1978] AC 728) that a public authority cannot be held responsible for damage caused by their action as long as they did not overstep their discretion or did not act for improper reasons.

Similarly, in the Yorkshire Ripper case, ([1987] 2 WLR) when the Chief Constable was sued because the failure to arrest Mr Peter Sutcliffe allowed him to commit a further murder, the Court of Appeal held that it would be against public policy to inhibit officials in doing what they think right at the time for fear that they may later be held liable in a civil action.

That seems to apply with even greater force in the case of a minister who has to weigh the danger to the health of the consumers against the economic damage to the producers.

English law does not grant compensation for pure economic loss caused by negligence. Even if the preceding consideration of public policy did not apply, the egg producers, to succeed, would have to prove that Mrs Currie acted recklessly and maliciously.

It appears that in addition to accusation of bad taste, the egg producers are running a much greater legal risk by sending to Armenia eggs of which some might be infected. *As they must know that the* survivors of the earthquake are in a poor state of health and not always able to cook the eggs properly any resulting illness or death would be a good cause of action for negligence in English courts.

Unemployment rules may cut 50,000 from register

By Alan Pike, Social Affairs Correspondent

ABOUT 50,000 people are expected to be eliminated from the unemployment register under tighter procedures announced in the Social Security Bill yesterday.

Ministers are prepared for opposition from industry to another aspect of the bill, which will introduce arrangements for recovering social security benefits from accident compensation payments. It threatens to increase insurance premiums.

To qualify for benefit once the bill becomes law, unemployed people will have to be "actively seeking work." Social security officials will test whether applicants are doing so by questioning them on whether they are registered with job agencies and have applied for vacancies.

Under another provision in the bill, the rate of pay will no longer be regarded as good cause for an unemployed person's refusal to accept a job opportunity.

After a specified period of unemployment – about 13 weeks, although it could be less in parts of the country where vacancies are plentiful – unemployed people will lose their benefit if they reject offers of jobs because they pay less than they used to earn.

The bill will also tighten up on the arrangements under which people can requalify for unemployment benefit once their entitlement to it has ceased.

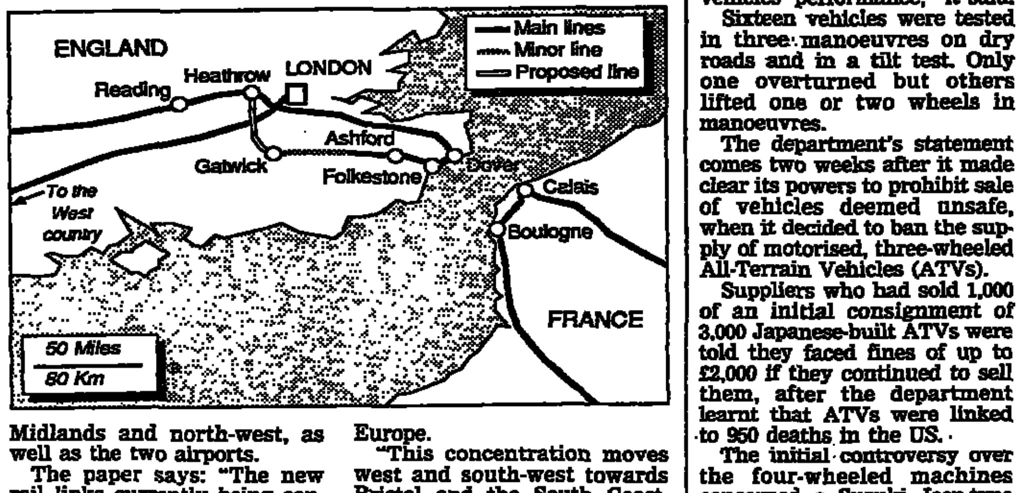
Mr John Moore, Social Security Secretary, said yesterday that a survey of the London labour market had shown that 25 per cent of benefit claimants had not looked for work the previous week, and half that number had not sought work during the previous month.

Those aspects of the bill will save an estimated £100m a year in social security benefits.

The compensation payment changes will end the practice under which third parties – frequently employers – can deduct the value of some social security benefits from accident compensation awards. Under the bill, the third party will have to reimburse the State for the value of the benefits.

Nedo suggests tunnel-airport rail link

By Kevin Brown, Transport Correspondent



THE NATIONAL Economic Development Office yesterday floated proposals for a high-speed rail line linking London's Heathrow and Gatwick airports with the Channel Tunnel.

The line, which would probably be financed privately, would run on existing tracks from the tunnel mouth, to just west of Tonbridge via Ashford, and then on new track to Heathrow.

Officials plan to put the proposals to potential sponsors such as the construction companies, British Rail, and BAA (formerly the British Airports Authority), which runs Heathrow and Gatwick.

The proposals emerged in a paper presented to Nedo's Construction Industry Sector Group, which brings together construction companies, government officials and union representatives under the chairmanship of Sir Christopher Foster, a director of Coopers & Lybrand.

The paper, drawn up by Nedo's secretariat, says the line would link the tunnel to the rail systems serving the south-west, Wales, the west Midlands and north-west, as well as the two airports.

The paper says: "The new rail links currently being considered from the tunnel all finish in London, although a prime objective of BR is eventually to plug into the rail network north of London.

"While London would be a major generator of traffic, Heathrow airport is at the centre of one of the fastest growing concentrations of new industrial, commercial and residential developments in Europe.

"This concentration moves west and south-west towards Bristol and the South Coast, and north and north-east towards Birmingham and East Anglia. For a large part of this area, communication with the tunnel via London would be inappropriate."

Nedo is a purely consultative organisation which advises the National Economic Development Council, the tripartite strategic planning body chaired by the Chancellor.

More tests for four-wheel-drive vehicles

By John Griffiths

THE DEPARTMENT of Transport said yesterday it was conducting further research into the safety of light, four-wheel-drive vehicles after inconclusive stability tests in which one vehicle rolled over.

The department urged drivers to be cautious but said it would not exercise powers to ban any of the vehicles from the road.

"The tests were on a limited scale and cannot be regarded as conclusive evidence of the vehicles' performance," it said.

Sixteen vehicles were tested in three manoeuvres on dry roads and in a tilt test. Only one overturned but others lifted one or two wheels in manoeuvres.

The department's statement comes two weeks after it made clear its powers to prohibit sale of vehicles deemed unsafe, when it decided to ban the supply of motorised, three-wheeled All-Terrain Vehicles (ATVs).

Suppliers who had sold 1,000 of an initial consignment of 3,000 Japanese-built ATVs were told they faced fines of up to £2,000 if they continued to sell them, after the department learnt that ATVs were linked to 950 deaths in the US.

The initial controversy over the four-wheeled machines concerned a Suzuki Jeep-type range, the SJ410 and 413. This was alleged, by the UK's Consumers Association, to have been much too prone to rolling over in the association's own tests.

The association began its own tests following an action, ultimately unsuccessful, by a US consumer group to have the US versions of the Suzuki model recalled.

Schools 'need to spend £100m on textbooks'

By David Thomas, Education Correspondent

BRITAIN'S educational publishers have told the Government that £100m needs to be spent on textbooks if its national curriculum is to be introduced effectively.

The demand emerged as initial contracts were placed for the nationwide system of testing required under the national curriculum, which looks set to be one of the largest educational publishing deals for years.

The Educational Publishers Council, representing about 80 publishers, has written to Mr Kenneth Baker, Education Secretary, complaining that no funds have been earmarked for textbooks for the national curriculum, which is to be phased in in England and Wales from next year.

Educational publishers have estimated that £30m will be needed for science and £15m for maths textbooks within the overall figure.

● The University Grants Committee is to give universities £70m to accelerate the appointment of almost 1,000 young lecturers in an attempt to ease the age imbalance in many university departments.

Many universities expanded rapidly in the 1960s and early 1970s, but thereafter made few appointments.

In-service teacher training boosted

By David Thomas

MORE THAN £300m is to be spent on in-service training of teachers next year, an increase of £80m on previous plans, the Department of Education and Science announced yesterday.

The Government had planned to devote £214m to training teachers in 1989-90, but the response from local authorities has been so enthusiastic that spending of £301m has been authorised compared with £282m this year.

Most of the money will go on preparing teachers to cope with the introduction of the national curriculum.

About £124m of the money will come from the Department of Education and Science, the rest coming from local authority funds.

Mr Kenneth Baker, Education Secretary, said: "I was delighted to see the extent to which local education authorities plan to add to grant-aided expenditure from their own resources."

Mr Baker also announced this week a £125m package of educational grants for next year geared mainly to easing the introduction of other aspects of the Government's reforms, such as equipment purchasing and training of governors.

Epping victor out of the woods

Michael Cassell on why Labour may be the main by-election loser

AS THE result of the Epping Forest by-election was read out in the early hours of yesterday morning, Labour's candidate was allowed one tantalising glimpse of victory.

The returning officer, more than a little dazzled by the occasion, finished his roll call to announce that Mr Stephen Murray had duly been returned as a Labour member for one of the Tories' safest seats.

It was not to be. Mr Murray, who had spent the campaign saying that, for Labour, coming second would be the "worst possible result," came in third, behind the Social and Liberal Democrats.

The victor, as expected, was Mr Steven Norris, whose pleasure at returning to Westminster after an 18-month absence was tempered by a reduction in the Tory majority from over 21,500 to just over 4,500.

The new MP had warned of complacency among Tory supporters in a rock-solid Tory seat. At least part of the dramatic drop in turnout, from 76 per cent in 1987 to just under 50 per cent, can be attributed to that factor.

What Mr Norris was less anxious to acknowledge was that some of his majority had disappeared in protest at escalating mortgage rates in an area of high owner-occupation.

There was also particular anger over plans to scale down facilities at the local hospital,

Steven Norris: pleasure tempered by low majority

which provides a pointer to the Government's continuing vulnerability over health service issues.

The extent of the fall in the Tory majority took ministers by surprise but, even so, the party has done much worse at other by-elections since 1979 – actually losing half its so-called safe seats – and still bounced back to win the national polls. Mr Norris would certainly be justified in expecting a substantially bigger majority next time round.

For Mr Murray and the Labour Party, the result is a disappointment, coming on top of the Govan defeat and the latest opinion polls suggesting that the Tories have extended their lead and that the ratings of Mr Neil Kinnock, the Labour leader, have reached their lowest point since he assumed the leadership in 1983.

Labour never had any chance of winning the seat but the second place on which it had pinned its hopes would have given the party some ground for believing it was starting to make inroads in the south, where it has to succeed if it has any chance of forming the next government. A marginal rise in its share of the vote was poor compensation.

The Social and Liberal Democrats were left with most cause for satisfaction, given the creditable performance of Mr Andrew Thompson, who came second and who polled over twice as many votes as Mr Michael Pettman, who was standing for Dr David Owen's Social Democratic Party.

On their own, the Democrats pushed up their share of the vote beyond the Alliance figure achieved last year. They were left to ponder on the fact that, but for what they described as the "spoiling tactics" of the SDP, they might just have put together a famous victory that would have provided a massive boost to a party which, since its formation, has made minimal impact on the national consciousness.

Mr Paddy Ashdown, the Democrat leader, was nevertheless quick to claim the result as an "historic" one that confirmed his party as the main opposition to the Tories in large numbers of seats.

It will, however, take more than one local contest to prove his point, and the Democrats now hope to build on an encouraging result to seek victory in the forthcoming Richmond by-election, where the party is already strong on the ground.

For the Owenites, who came fourth, the result was respectable and there were fears that it might have proved much worse. But in a seat which, in 1987, saw an SDP candidate come second on behalf of the Alliance, the outcome offered little evidence of a party with any momentum behind it.

Dr Owen last night claimed that if the Democrats had agreed, as he had suggested, to fight Epping alone while allowing the SDP to contest Richmond, then the Democrats would have won this week's by-election and the SDP could have looked forward to victory at Richmond. He renewed his call for the opposition parties to back proportional representation and to agree a common programme for a coalition government.

Other minority parties have also started inquests in the result. Lord David Sutch, of the Monster Raving Loony Liberal Christmas Party, said yesterday he was calling a crisis meeting. His vote has risen consistently in the last three general elections and he wanted to find out what was going on: "Maybe we are not silly enough," he added.

UK NEWS

Game of chance for small businesses

Ralph Atkins reports on the companies the Government hopes will revitalise industry

Peter O'Mahony and Michelle Caffrey: cashing in on get-rich-quick games

FANTASY GAMES is one in a thousand. The Epping-based company producing a board game called Insider Dealing is part of a growing army of infant businesses.

It was founded by Mr Peter O'Mahony, 23, and his partner Ms Michelle Caffrey, 25 – two entrepreneurs who have cashed in on English appetites for get-rich-quick games.

They registered for VAT early in September – a time, as Mr Nigel Lawson, the Chancellor, is fond of pointing out, when net registrations were running at more than a 1,000 a week.

Starting with next to nothing, they raised £40,000 from private investors via the London Enterprise Agency (Lenta). "We have produced 10,000 sets so far and we expect to see them sell," says Mr O'Mahony.

Small-business creation in Britain has become a proud boast for the Government, slipping into the speeches of ministers from the employment and trade departments and Treasury briefing notes on the Queen's speech. It reflects the enterprise culture, they say, and will help to continue Britain's industrial transformation and cut unemployment.

Although figures on small businesses are sparse, VAT registrations and deregistrations from the Department of Employment give some idea of trends. They exclude many companies that fall below the legal threshold for registering.

The figures show that since 1979 the net increase has been averaging more than 500 a week. More recently, the pace of growth has accelerated.

Such buoyancy is not just a British phenomenon and there are perhaps cynical reasons for underplaying its role in the British economy. (A solution to Britain's big trade deficit, for instance, might be in doubt if it was just self-started window-cleaners and hairdressers).

Similarly, if the businesses created are short-lived, it might prove to be merely a passing fashion.

However, the evidence available and basic economic logic suggest that the contribution will be at least positive – if not considerable.

The big increase in the number of small businesses available can be attributed to four possible factors. Some the Government may prefer to emphasise more than others.

- The gearing-up of government schemes to encourage start-ups.
- The rekindling of an entrepreneurial spirit. Fast economic growth in recent years has helped many small companies to expand rapidly, providing an example for others to follow. The rapid growth of Sock Shop, the socks, stockings and tights retailer, would be a case in point.
- The strength of the venture capital industry.
- The high level of unemployment, which remains above 2m in spite of strong economic growth. For many, particularly in areas of high joblessness where industrial revival is unlikely, self-employment may be the only escape route.

The contribution small businesses will make depends on more than just their numbers. Even if 50,000 were created this year, each with a turnover of, say, £100,000 and providing work for perhaps five people, the impact on the unemployment total and on gross domestic product would be respectable but hardly a panacea for past industrial malaise.

Growth in small businesses appears to be having some effect on the size distribution of British companies, according to figures from the Government's census of production.

The smallest companies (employing fewer than 100 people) have increased their share of total output from 13.9 per cent in 1970 to 19.3 per cent in 1986. The impact might be still greater because the figures do not take account of companies that move from one size category into another.

The size of the increase is modest but this is not a bad sign, however: a fall in the average size of companies might prove damaging if larger companies are better able to exploit economies of scale and compete internationally.

Instead, the Treasury argues, the role of small businesses is to be the seedcorn for the future, adopting new ideas and providing a competitive spur for established companies. Annual figures may be relatively small, but the cumulative effect is considerable.

Small companies have the advantage of being more flexible. Instead of being hamstrung by a bureaucratic decision-making centre, they can act on hunches. They may not exploit economies of scale but could have the effect of denying bigger companies the benefit of monopoly, duopoly or oligopoly profits.

To expect such aspirations, however, might be too much if the buoyancy of small businesses proves transitory. If the businesses are mainly one-man operations with no aspirations other than providing an income until retirement, their effect could be muted. Similarly, if they are concentrated mostly in small shops or leisure service industries, the results in growth and exports would be limited.

Figures compiled last year by the Department of Employment from VAT registrations give some encouragement. They showed that between 1980 and 1985 there was net growth in registered companies in all industry divisions except retailing, where there was a small fall.

The sectors showing the biggest increases were finance and other services followed by wholesalers, construction, and production companies. The categories are broad but the distribution suggests fairly evenly balanced growth among most types of business.

The study also provided some insight into the life expectancy of businesses registering for VAT. It found that the median time between registration and deregistration was about five years.

Other, more anecdotal, evidence also suggests that the growth in small businesses is broadly spread.

Lenta, which provides training for people setting up businesses, says that in the first nine months of this year it gave counselling on running a small business to 2,797 clients. Of those, manufacturing and retailing each accounted for about 20 per cent while services accounted for nearly 40 per cent.

More strikingly, perhaps, only about 20 per cent of those counselled were unemployed. The remainder were either self-employed or employed elsewhere.

The advantage small businesses have had on their side, however, is the strong pace of recent economic growth. Rising spending has boosted opportunities to provide goods and services other than the range provided by established companies.

The crucial test – for Fantasy Games and the 1,000 companies set up each week – will come when economic growth begins to slow. Consumers are already feeling the pinch with higher mortgage rates. If output slows, companies may wish to contract out fewer services, fewer businesses may be set up and the mortality rate among existing concerns accelerate.

That will be the time when Britain's small businesses prove whether they are merely a transitory phenomenon, or a source of future economic strength through good or bad.

Government £200m debt payoff brings £10bn target closer

By Ralph Atkins, Economics Staff

THE GOVERNMENT repaid £200m of debt last month according to official figures yesterday. That suggests it is on course to meet comfortably its forecast of £10bn this financial year.

The public-sector borrowing requirement (PSBR) surplus in November took total debt repaid since April to £6.2bn. Buoyant tax revenues expected in January are likely to take that well into double figures.

In his autumn statement, Mr Nigel Lawson, the Chancellor, forecast a debt repayment of £10bn in 1988-89. Many City analysts predict that the surplus will be about £13bn.

That would give the Treasury ample scope for tax reductions in next year's budget, although most commentators believe that any cuts will be limited unless there is firm evidence of a marked slowdown in economic growth

The figures highlight the strength of Government revenues, including value added tax, and relatively subdued government expenditure.

Between April and November this year, revenues were 8¼ per cent higher than in the corresponding period a year before.

In the same period government spending grew by just 4 per cent. However, that may understate the trend slightly because back pay for nurses and commitments to the European Community have not yet been paid.

There were no proceeds from the Government's programme of privatisation receipts in November. The cumulative total of debt repayments since April, excluding privatisation proceeds, was £1.3bn.

Monthly PSBR figures tend to move erratically, reflecting the pattern of Treasury receipts and expenditure. In October the PSBR surplus was £2.4bn.

December's figures are expected to include £1.2bn from the British Steel sale.

Still bigger receipts are expected in January, the height of the corporation tax paying season. In January this year, the PSBR figures showed a debt repayment of £6.3bn.

Mr Nigel Richardson, economist at Warburg securities, said: "What we are going to see is the benefits of high company profitability over the past year being reflected in corporation tax receipts."

Sir Gordon Borrie: move against misleading terms

OFT seeks new estate agent curbs

By Richard Donkin

THE Office of Fair Trading is seeking new powers to ban or warn estate agents engaged in unscrupulous practices.

In a review of the Estate Agents Act 1979, published yesterday, Sir Gordon Borrie, Director General of Fair Trading, proposed tougher controls over estate agents, new requirements for agents to disclose any interest in property for sale, and powers to stop the use of misleading terms in contracts.

The review is asking Lord Young, the Secretary of State for Trade and Industry, to increase the number of specified undesirable practices falling under the scope of the OFT to impose prohibition orders.

Under the act the director general can issue a prohibition order preventing anyone considered unfit from engaging in estate agency work. Some 83 prohibition orders have been made since the act came into force in 1982 and six warnings issued to estate agents.

The director general now wants the power to make orders or issue warnings for practices such as the bidding-up of prices, misdescription of property, and misleading contract terms.

He is also seeking to act against the imposition of sole selling rights guaranteeing commission whether or not the agent sells the property, and tying in sale deals to finance or insurance arranged by the agent.

The OFT opposes the imposition of section 22 of the act, which allows for the provision of minimum standards of competence. It warns that subsequent reductions in choice and competition could lead to higher costs for house sellers.

The report said most complaints did not point to a lack of competence in estate agents but to sharp or unethical behaviour.

FT centenary diversion winner

THE WINNER of the fifth FT 100th diversion is Dr W. J. McQuillan, from Northampton.

His prize is 100 rolls of 3M Scotch Chrome 100 ASA 35mm colour film and an Abercrombie & Kent safari and beach holiday for two in Kenya.

The names of the 100 runners-up are published today on page VII of the Weekend FT.

The winner of the final FT 100th prize – dinner for the prize winner and 100 friends at The Savoy – will be announced on January 14.

Costs lead to fresh rise in London student grants

By David Thomas, Education Correspondent

THE GOVERNMENT is to increase student grants in London by more than planned because of concern about living costs in the capital.

In a parliamentary answer, Mr Robert Jackson, Higher Education Minister, yesterday confirmed last month's announcement that grants for students outside London would be increased by 5 per cent next year. Undergraduate grants will rise from £2,050 to £2,155 and postgraduate grants from £2,975 to £3,125.

Grants for students in London, already higher than elsewhere, will rise by 9.3 per cent. Undergraduate awards will increase to £2,650 from £2,425, while postgraduate awards will rise to £3,970 from £3,630.

Mr Jackson also announced the new scales for parental contributions towards student grants. As from next year, parents with a residual income of less than £10,600 a year will not contribute to maintenance.

The Government is planning a new system of student loans in 1990, after which the share of grants and parental contributions in student finance will decline.

Stricter air pollution control plan

By John Hunt, Environment Correspondent

STRONGER MEASURES for controlling air pollution by industry have been proposed in a consultation paper issued by the Department of the Environment, The Welsh Office and the Scottish Development Department.

Under the new proposals, plants will have to get authorisation to operate at particular levels of emissions. The levels would be legally binding.

Until now, plants have had a degree of latitude. Those accused of polluting the atmosphere have been able to plead that they were nevertheless operating the "best practicable means" of reducing dangerous emissions.

The proposals also include a wider list of noxious or offensive substances that would come under the controls.

The list will now include isocyanates for the first time. Methyl isocyanate was the gas that was released from the Union Carbide plant in Bhopal, India, causing deaths and injuries on a large scale.

Other new substances included are acrylic acid, gallium, platinum, phenols, phosphorus or its compounds and fumes from carbonisation or gasification works.

The announcement is part of the Government's drive to get a fully integrated pollution control programme in operation. Local authorities would have a greater role in controlling air pollution under the proposals. They would operate the regulations together with the Inspectorate of Pollution and the Industrial Pollution Inspectorate.

Cheap test for AIDS 'close to approval'

By David Fishlock, Science Editor

A RAPID, inexpensive AIDS test is believed to be close to receiving approval from drug safety authorities in Britain and West Germany.

The test, which takes only about three minutes to work, received the blessing of the US Food and Drug Administration this week. It is expected to sell in Britain for £5-£6 and in Africa for as little as £1.

It has been developed by a US biotechnology research company in Worcester, Massachusetts, and will be sold through the international health care group Baxter Healthcare Corporation.

Mr Gerald Buck, chairman of Cambridge Bioscience Corporation, said the test was on sale in Sweden and Norway, and he expected Britain's Safety of Medicines Committee to approve it shortly.

He said a doctor would be able to pre-counsel, test and post-counsel a patient in a single session. That compared with several hours for the fastest tests in general use.

The result is unambiguous. If the AIDS virus is present, a grainy effect is produced on the test card, rather than a translucent white effect. However, because the test involves taking a blood sample, it will be available only to doctors.

The Recombigen test, the first genetically engineered diagnostic test to be approved by the FDA, was intended as a means of checking that blood donated for transfusion was free from AIDS.

The FDA had to evaluate a report from a US research group suggesting that the test was unreliable and could produce false negatives.

Mr Buck said his scientists showed later that the independent evaluation had failed to follow guidelines for the test. In fact its sensitivity and specificity were within acceptable limits and were as good as those of tests that took four hours.

He believed other regulatory authorities, including the World Health Organisation, would now give Baxter speedy approval for the Recombigen test.

Mr Buck's company has been supplying several African nations, including Zaire, Uganda and Rwanda, for up to two years. Africa presents particular problems, one being the high incidence of child malaria.

Blood transfusion is the accepted therapy but blood is in short supply, owing to lack of refrigeration, and often a critically ill child cannot wait for several hours while freshly-donated blood is tested for AIDS.

The test has been designed so that every item needed is disposable. "But in Africa we know virtually nothing is disposed of", Mr Buck said. For that reason, Recombigen had been engineered so that the parts most likely to be recycled could be reused safely.

EMPLOYMENT

Company fined over death of crane driver

By Michael Smith, Labour Staff

THE erectors of a crane which collapsed and killed its driver were yesterday fined £20,000 with costs. The penalty is thought to be the toughest ever imposed in the British construction industry for breaches of safety legislation.

Record Potain, of Middlesex, was fined £10,000 for failing to take adequate precautions while testing the safety of the crane. The accident occurred in Queensway, West London in October last year.

Knightsbridge Crown Court also imposed a £10,000 fine on the company for failing to ensure that the trolley winch assembly was free from defects. Costs were £1,325.

Yesterday's court case follows a year in which the number of deaths on construction sites was 157, the highest figure recorded in recent years.

Since last May the Health & Safety Executive has strengthened its enforcement action, particularly against small and medium-sized companies, and this has been behind a tripling in prosecutions and prohibition orders.

About 90 per cent of prosecutions are dealt with by magistrates courts, where the maximum fine for each offence is £2,000. There is no penalty limit in crown courts but the HSE has resources to take only a limited number of cases to the higher courts.

Mr John Rimington, HSE director general, said the executive was satisfied that the court had seen the accident as grave enough to warrant a heavy fine. "We expect other employers to take note," he said. The Queensway accident resulted in the death of 49-year-old crane driver Mr Matthew Swann, and serious injury to an electrician who was in the cab.

The HSE's report for 1987-8, published earlier this month, showed that there were 20,887 deaths or injuries on construction sites.

Mr Rimington said the growth of sub-contracting and small companies in the sector was making the enforcement of safety standards more difficult. The HSE was considering whether further legal measures were necessary to enforce safety at construction sites.

Staffing crisis in hotels 'threatens tourism growth'

By John Gapper, Labour Correspondent

HOTEL and catering employers in London face a staffing crisis which is undermining the expansion of tourism and is likely to worsen over the next five years, according to a report published yesterday.

The report, by the Hotel and Catering Training Board, found that more than half of employers had annual labour turnovers of more than 100 per cent, and many were finding growing difficulties in recruiting staff.

It urged employers to set up a London-wide programme of six-week training courses for the long-term unemployed which would enable them to gain qualifications and fill vacancies.

The report said employers would have to be more imaginative, both in recruitment and in the treatment of existing staff.

Lord Ponsonby, vice-president of the London Tourist Board, speaking at the launch of the report, said the industry's image was a barrier to recruitment, because it was seen as offering underpaid and servile work, with unsocial hours.

Mr Mike Allmond, HCTB London director, said the industry was creating about 1,000 jobs a month in London.

The report said many employers reported staff turnover levels had increased by up to a third in the past year.

Urgent action was required to recruit some of the 203,000 registered unemployed people in the 16 inner London boroughs, who were not taking jobs in the industry despite there being 7,600 vacancies.

A survey of those visiting Jobcentres found that only a third said pay levels in the industry were attractive. Employers' advertisements often failed to mention benefits such as tips, meals and holidays.

Many teachers, Jobcentre staff and others influencing job seekers seemed unaware of the range of vacancies, skill needs, and training opportunities the industry offered. Job seekers thought qualifications would be required.

Birmingham training council in preparation

By John Gapper

STEPS towards forming what may become the first Training and Enterprise Council – an employer-led group which will take over local responsibility for training – were taken yesterday in Birmingham.

A group of employers and industrialists, including Mr Tony Gill, chairman of Lucas Industries, and Mr Tom Garnier, chairman of Kalamazoo, agreed to form a group which may bid to become a TEC.

The Government proposed the councils in its white paper on training. A prospectus for groups bidding to become TECs is to be sent out in the New Year. Meanwhile, the Birmingham group is to agree details of a possible bid.

Mr John Warburton, director of the Birmingham Chamber of Industry and Commerce, said there had already been a strong response from local employers who were asked to a working breakfast in the city yesterday to plan a TEC.

Birmingham already has a well-established Local Employer Network, and is considered by Training Agency officials to be one of the most likely candidates for a TEC, which would receive public funding of up to £50m a year.

Those attending the breakfast included Mr Harold Brown, regional chairman of British Gas, Mr George Carter, senior partner of Price Waterhouse, and Mr David Littleford, Birmingham personnel director for Austin Rover.

Leaders of Birmingham City Council, Solihull Borough Council, the Engineering Employers' West Midlands Association, and local companies also attended.

Seamen win damages from P&O

By Jimmy Burns, Labour Staff

P&O European Ferries has agreed to pay damages to a group of seamen who claimed in a High Court action that they had been unlawfully locked out during a dispute in 1985.

The seamen had alleged that Townsend Car Ferries, which was taken over by P&O in 1986, had breached their contract by locking them out for two weeks between December 1985 and January 1986.

The two-week High Court hearing ended yesterday after Mr Christopher Clarke QC, for P&O, who had contested the claim, said the company was prepared to submit itself to judgment.

The assessment of the damages that will be paid may prove complex, even though lawyers hoped most of the figures would be agreed.

Ten sample plaintiffs appeared in court, representing about 2,000 seamen who were working for Townsend Car Ferries at the time. They claim they are owed about £1m in wages.

But the award of damages is complicated by the fact that the 2,000 include 38 who later died in the Herald of Free Enterprise disaster. They also include most of the Dover-based National Union of Seamen members who were sacked without compensation by P&O European Ferries.

- The NUS is to ballot members in the New Year on a proposed merger with either the National Union of Railwaymen or the TGWU transport union.

The ballot should have taken place last September but was delayed because of the financial and organisational problems arising from the lengthy sequestration of NUS funds during the P&O dispute.

A report by Unity Trust, the trade union bank, is believed to have confirmed that the financial difficulties facing the NUS are "extremely serious." It predicts that after fines and costs totalling more than £1m resulting from the dispute, the union could face a deficit of £217,000 by next October.

Mr Sam McCluskie, the general secretary, is thought to have told his executive that up to 20 out of 34 full-time officials would have to be made redundant if the union decided to "go it alone." However he made it clear that amalgamation would not be a "soft option."

Employers 'not worried' about shortage of young people

By Michael Smith

MOST employers do not believe the decline in the number of 16- to 19-year-olds will cause them recruitment difficulties in the next two years, according to a survey published yesterday.

The survey, published by the Federation of Recruitment and Employment Services (Fres), also found that 56 per cent of employers tended to recruit among people under 40. Of these, nearly seven in 10 thought this policy was unlikely to change.

Reasons given for the recruitment age bias concerned the advantages of the young, rather than the disadvantages of the old, said Mr Leonard Allen, Fres director.

Typical comments were: "Everyone in this industry is young"; "Up-to-date skills are only to be found among the young"; and "We are a young company – only young people would fit in."

The survey found that, although a quarter of the 100 companies surveyed were unable to fill some vacancies, 82 per cent did not think there was a current shortage of young people and 61 per cent did not expect problems in the next two years.

Attitudes of Employers to the Growing Shortage of Younger Job Applicants, available free from Fres, 10 Belgrave Square, London SW1X 8PH.

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The logic of self-denial

ONE OF THE enduring facts of post-war economic life has been the determination of the West Germans not to enjoy too much of a good thing. It was evident once again this week when the Bundesbank raised the Lombard rate half a point to 5½ per cent and rubbed in the unseasonal message by intervening on the exchanges to sell dollars. The shift to tighter money has been echoed across Europe, with key members of the European Monetary System all donning a modest hair shirt. According to the Bundesbank president, Karl-Otto Pohl, it was merely a case of coming into line with a world of slightly higher interest rates, *following the tightening* already experienced in Britain and the US.

Well maybe, but the comparison with the Anglo-Saxon countries *looks a little far-fetched*. For while West Germany is heading for another record trade surplus, the US and Britain are running current account deficits of just under 3 and 4 per cent of gross national product respectively. Both might well envy a West German-style year-on-year rate of price *inflation of less than* 1½ per cent. And if there is anyone in the international markets who believes that the Federal Republic is heading for a *dangerously inflationary* 1989, they are keeping noticeably quiet about it.

Overshooting targets

Domestic perceptions are, of course, quite another matter. With GNP growth generally expected to reach between 3½-4 per cent this year – way above its average for the decade – the West German economy is growing far faster than the Bundesbank's estimate of its longer-run growth potential. At the same time the central bank is overshooting its monetary targets for the third year in a row. No matter that this has not been followed by an inflationary upsurge: in West Germany it counts.

The Bundesbank is clearly reluctant to see any weakening of the D-Mark against the dollar when it is worried about the impact of an increase in indirect taxes which is due to take effect on January 1. This is expected to feed through to wages and to boost inflation next year by anything up to a full percentage point. A more rational currency realignment, in the view of some economists, might be with the rest of Western Europe. For the composition of the West German trade *surplus* has *shifted* firmly away from the US, as German exporters have provided more capital goods for the investment boom now under way across the European Community.

There lies part of the explanation for the rapid rise in the current account deficits of *Britain and France*. Yet the British Chancellor, Mr Nigel Lawson, is anxious to use a strong exchange rate as a stick with which to beat employers *who are tempted to concede* inflationary pay increases. With the total number of jobless continuing to fall, according to official figures this week, *his resolve on this score* is unlikely to have weakened. France, meantime, continues publicly to maintain its commitment to the existing EMS *structure*.

Judicious diplomacy

Perhaps the Bundesbank's decision to abandon precise money supply targets in favour of a figure of "about 5 per cent" for broad money next year is a *judicious piece of* diplomacy, allowing the domestic monetary hawks to believe in a 5 per cent ceiling and the international community to *expect increased flexibility*. Either way, it seems clear that the future path of the dollar was a key consideration in the latest shift. Having been *caught on the hop by the dollar's* appreciation earlier this year, the Germans are no doubt taking pre-emptive action in case the new Bush Administration impresses the markets with a more determined assault on the US budget deficit than seen so far.

While one can sympathise with anyone who has been wrong-footed by the US currency, it is hard to share the German fear about the inflationary prospect. Part of the impetus behind this year's rapid economic growth has been weak oil prices; and commodities generally have failed to impose inflationary pressure on the developed world. The extent to which the price mechanism provides a continuing incentive for the search for cheaper substitutes was underlined this week by the plunge in platinum prices, which came after the Ford Motor Company announced that it was developing a new catalytic converter for cleaner car exhaust that did not depend on this expensive metal. In the longer run the dramatic changes in East-West relations could well reduce inflationary pressures generated by defence programmes, if only by undermining political support for such spending.

In short, inflation is no longer a global problem. It is simply a headache for finance ministers who get things wrong.

Nick Bunker looks at the prospects for the UK life assurance industry

Heading for a long war over commissions

There have been upheavals before in the history of life assurance in Britain. Some of them have stemmed from scandals and insolvencies, followed by hasty legislation. But the changes occurring now, in the aftermath of the Financial Services Act, are special.

After three years of argument, the Securities and Investments Board published on Thursday what may be its final word on the system under which, with effect from 1990, the industry will have to tell consumers its marketing costs and expenses. Almost simultaneously, Norwich Union, the mutual life insurer, publicly abandoned its historic reliance on selling policies via independent advisers and brokers. "The regulatory tide is flowing strongly against the independent adviser," one Norwich Union executive said.

It was a move expected to upset the industry's old guard, the 14 companies headed by Standard Life and Scottish Widows who make up the Campaign for Independent Financial Advice (Camifa). Mainly mutual companies, owned by policyholders rather than shareholders, they are pledged to use independent advisers exclusively.

But the news from Norwich Union was also one of the clearest indications of the scale of the war that has broken out for the allegiance of the 50,000 outlets, which act as independent advisers distributing life assurance products. They include small high street firms, bank and building society branch networks and estate agencies, but many are eager to tie themselves to one insurer in return *for better remuneration.*

In this war, the SIB's chairman Mr David Walker concedes, one weapon life insurers are already using is to try to persuade independent intermediaries to become tied agents by offering them commissions at rates nearly double the highest they get now. One of the best-known consequences of the war so far has been for large producers of life business, such as building societies, to tie themselves to a single life company, exemplified by Abbey National's tie to Friends Provident.

This is partly to escape from what they see as the greater administrative and financial burden which the Financial Services Act imposes on intermediaries. It will also produce, some believe, a swift contraction of the independent advisory sector, and then perhaps over the longer-term a shake-out among the UK's 212 life companies. "Five years from now, there'll be far fewer," says John Lockyer of William M. Mercer-Fraser, the consulting actuaries.

The decisive event was last April, when Lord Young, Trade and Industry Secretary, said consumers must be told clearly the size of the commissions an independent adviser receives. He overturned the industry's preferred solution of telling consumers only that commissions were in line with a maximum commissions agreement (MCA), which now has to vanish on December 31, next year.

In addition, the SIB has avoided the harshest form of disclosure, which would have been at the point of sale. Instead, it has opted for a system under which, in a subsequent letter, life insurers will tell consumers how much commission is being paid to the independent adviser. The letter will also disclose how much of the premiums are being consumed by charges and expenses. But the SIB's key problem, and the focus for controversy in the industry, was that this appears to penalise independent advisers and benefit the industry's other main marketing channel: the direct sales forces of companies like Abbey Life, Allied Dunbar or the composite insurers.

There are other threats too, such as Inland Revenue proposals for a new tax regime which could increase life companies' tax bills, or the disincentive to equity-based investments posed by last year's stock market crash. The stakes for the UK's life assurance industry are high. It has become accustomed to phenomenal growth. From £3.94bn in 1983, premiums from new business rose 120 per cent to £8.69bn last year. In 13 weeks this summer the industry sold 550,000 personal pension plans, a type of product which became legal on July 1.

For much of the 1980s the industry has been ideally placed to increase its sales by tapping the private sector wealth most clearly manifested in the house price boom. Analysts at Warburg Securities point out that the high interest rate levels of the late 1970s and early 1980s enabled a "ratcheting-up" of bonus rates credited to traditional, with-profit life policies, enhancing their attraction. The bull market in equities then supported those bonus rates. It also helped expand sales of unit-linked life assurance, where the policyholders' returns are pegged directly to stock market values and investors often pay via a single large premium upfront. Between 1985 and 1987, new sales of single-premium unit-linked policies, jumped 121 per cent to £5.27bn. The long boom in the housing market engendered large sales of endowment mortgage policies. The SIB says commission payments by life companies doubled from £1bn in 1983 to £2bn last year.

The industry believes it is unlikely to see any diminution in sales volumes after 1990 specifically as a result of new regulations. Yet this view may underestimate the ferocity with which the industry could bid up commissions, raising marketing costs which are already arguably much too high. While volumes will not suffer, bottom-line profitability, and returns to policyholders, may. "The maximum commissions agreement is maintaining an orderly market at the moment, but it has to go," says Mr Len Warwick, president of the Life Insurance Association, a trade body for intermediaries. "The consumer is going to pay the price one way or another."

The bidding-up is already occurring as life companies seek to recruit independent intermediaries to surrender their autonomy and become part of their direct sales force. After the MCA's demise, life companies are likely also to increase the commissions paid to independents. One eight-person independent advisory firm in Kent, producing £250,000 of premiums annually, recently said it was considering going tied. It received six approaches from life insurers. The least munificent offered commissions of up to 140 per cent of the MCA rates. The most generous offered commissions at 190 per cent, a cash "golden hello" of £100,000 and a £100,000 five-year loan with an interest-free guarantee if the firm met business targets.

Many intermediaries are eager to accept such offers because of other financial pressures. Mr Warwick reckons his nine-person firm in Cheltenham could raise its net income by up to 40 per cent immediately by going tied, partly because of lower regulatory costs. These currently amount to around £10,000, made up of a subscription to a self-regulatory body, computer systems, and auditors' fees. He thinks perhaps 40 per cent of his area's financial advisers have surrendered their independence.

But Mr Walker makes clear that the SIB cannot act as what he calls "a universal aunt," fine-tuning the rules to protect special interest groups such as Camifa. In retrospect, it was misguided to expect a regulating body like the SIB to smooth out every bump on the industry's playing field to put independent advisers and tied salesmen on an equal footing. Disclosure regulations cannot in themselves counter-balance commercial advantages such as those enjoyed by the direct-selling unit-linked life insurers, which remunerate salesmen by commission and are prepared to tolerate the resulting high turnover of staff. Nor could the SIB prevent aggressive moves such as Abbey's merger with Lloyds Bank's retail financial services subsidiaries. This has a target of building a 500-strong sales force at Lloyds Bank's subsidiary, Black Horse Life, within four years, to sell to the bank's 6m customers.

More fundamentally, the SIB is powerless to address disparities in the capital resources of the players in the market, disparities which work to the disadvantage of companies, like the Camifa members, whose sole business is life assurance. Stock-market quoted pure life insurers have operated with relatively small shareholders' funds, since they were able to finance most of their expansion from their premium and investment income. And mutual companies have to finance all their growth from their policyholders, with no shareholders to turn to if they need more capital. "Distribution networks are being bought up by those that can afford it," says Mr Tom Bennett, insurance analyst with Morgan Grenfell Securities. "The companies which suffer will be those that can't, which means smaller mutuals."

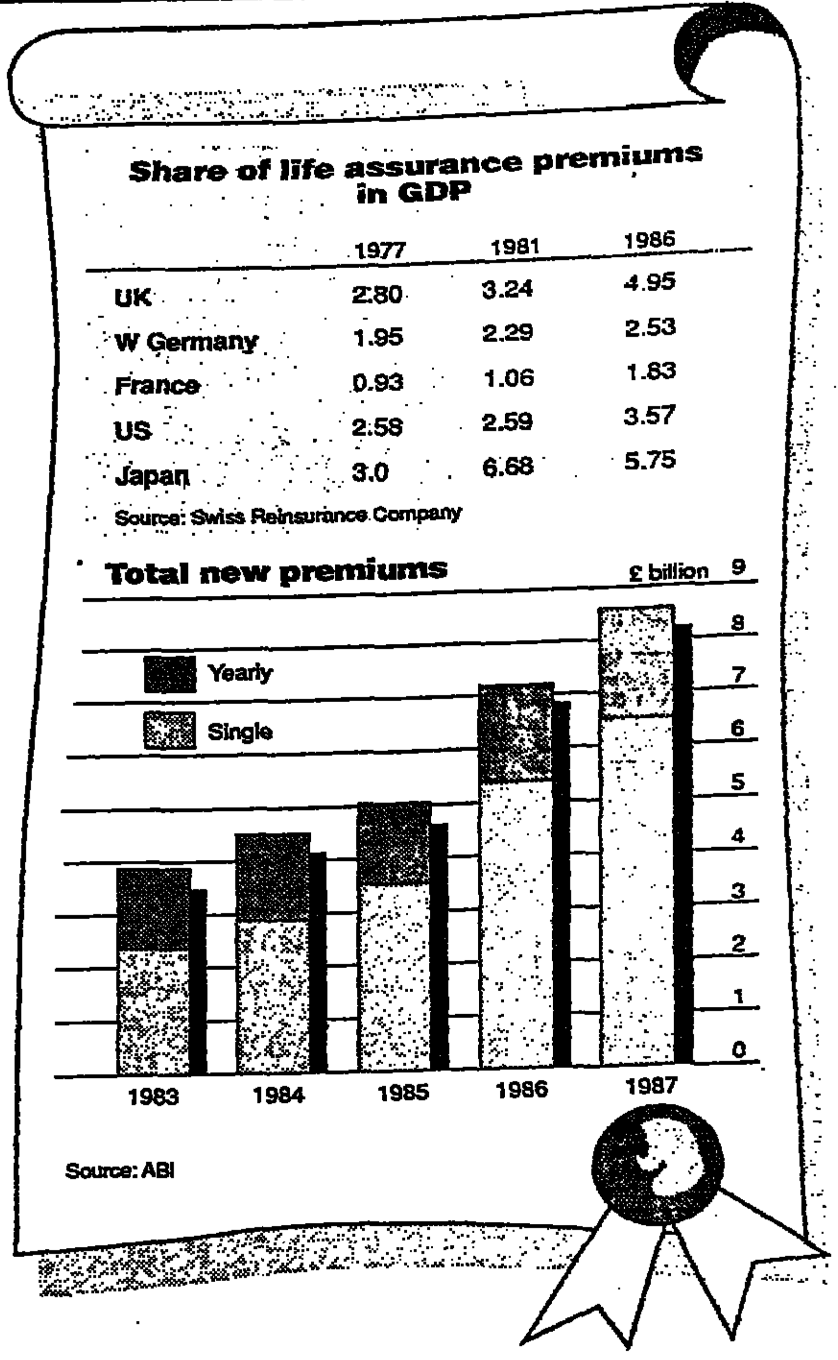
In particular, the mutuals are fighting the major composite insurers, such as Royal Insurance, Sun Alliance and Legal & General, which are far more strongly capitalised and have enjoyed in 1986-8 three years of *healthy profitability in non-life insurance*. They have had management time, and resources, to afford moves such as the acquisition of estate agency chains. By June 30, Royal had *shareholdings in 670 estate* agency outlets, which handled 47,000 house purchases in the first half of the year. In a third of these transactions, the agents were able to sell the buyer an endowment policy linked to the mortgage, meaning that Royal was receiving 400 new endowment assurance applications each week.

While Camifa companies have clung to old marketing mechanisms, the composites have flouted tradition. Sun Alliance recently broke a taboo dating back to 1971 by paying £30m for a 30 per cent stake in Swinton Insurance, the motor insurance broking chain, for the sake of tieing life assurance business from its 405 outlets. This kind of acquisition has been frowned on since the Vehicle & General collapse 17 years ago, on the grounds that motor brokers owned by V&G contributed to its problems by encouraging it to take on bad risk drivers. Sun Alliance now has a multi-channel distribution system. It is getting only 50 per cent of its new life business from independent advisers and has secured 18 building societ*ies as tied agents*

Mutuals look likely to need greater resources, whether or not they wish to adopt the Norwich Union's strategy of setting up a network of tied agencies. This could tempt mutuals to merge, a development forecast by Abbey Life's chairman Mr Michael Hepher, or abandon mutuality. This is "technically feasible," says Mercer Fraser's Mr Lockyer, but there are *obstacles, like the need to buy-out policyholders* or, in some cases, to secure a private Act of Parliament to change the company's constitution.

There is an alternative, of course. *Mr Walker and the SIB this week* painted an optimistic picture of the possible scene after the life assurance industry's Big Bang on January 1 1990. As with any relaxation of price controls, the dissolution of the MCA will initially lead to bidding-up of commissions, he argues. But the SIB's line is that the workings of a free market will rapidly penalise companies with excessive marketing costs.

If consumers want independent financial advice they will be prepared to pay for it, if necessary with fees rather than commissions, the SIB says. Its greatest challenge now is to ensure that, in practice, rather than on paper, consumers will actually receive the perfect information which a free market requires. Yet even the SIB admits it could take years to find a way of giving consumers truly meaningful information comparing different companies' charges and expenses, because of the bewildering number of methods they use for calculating them. In the meantime, the commissions war could be a long one.



MAN IN THE NEWS

Roger Douglas

Paying the price of devotion to the free market

By Dai Hayward

Roger Douglas, sacked as New Zealand's Minister of Finance on Wednesday, will go down in the country's history as a man who radically changed the face of national politics. His free market economic philosophy and the singlemindedness with which he imposed this on the country changed New Zealand voting patterns.

For the first time in their lives stockbrokers, bankers and thousands of others from higher income backgrounds voted for the Labour party. They wanted a continuation of Rogernomics – the name given to the policies Roger Douglas conceived and persuaded the Labour government to pursue.

More surprising still, Mr Douglas struck a chord outside New Zealand. Rogernomics was quickly grasped as a stick with which free marketeers in Britain *and elsewhere could* beat their own governments. If Rogernomics did not galvanise them into comparable reforms, it at least helped change the climate of international opinion on matters such as tax reform – a singular achievement for a bluff businessman from a minor industrial power.

When Labour swept to power in New Zealand's 1984 election, Mr Douglas was the only Labour MP who had used his time in opposition to prepare a detailed blueprint of what was needed to make dramatic changes in New Zealand's shaky economy, and how it could be done. Rarely has a politician used his time in opposition so effectively.

Indeed, Mr Douglas's planning went further than policy: he played a leading role in the "fish and chip plot" to replace the party's leader, Sir Wallace Rowling, with David Lange who, he believed, had more election-winning appeal. The move against Sir Wallace was planned by Mr Douglas and two close colleagues (both now ministers) over paper packets of fish and chips during parliament's lunch breaks. A famous photo shows a shirt-sleeved Roger Douglas, a hot potato chip between his fingers, discussing when to attack.

The election successfully won, Labour was faced with an economic crisis within hours of taking office. Roger Douglas was the only member of the new government with any suggestions on how to deal with it. His ideas were eagerly seized by his colleagues, though probably none had any real understanding of just how sweeping the changes would be. The reforms included the lifting of financial controls, abolition of *subsidies for manufacturing* and agriculture, the sweeping away of restrictions, the introduction of a free exchange rate and the insistence on letting market forces prevail.

Mr Lange, who dismissed Mr Douglas for refusing to compromise in the headlong pace of change despite record unemployment and high interest rates, said on Wednesday that "Roger Douglas has left his mark on this country and this country is indebted to him. He had the courage and vision that was really critical in 1984."

Mr Douglas's downfall, just four years later, is due to his singleminded determination. He appears to have lost – or never had – the average politician's willingness to be flexible when politics demanded.

This is perhaps surprising in a man whose family was steeped in Labour party philosophy. Both his father and grandfather were long-serving Labour members of parliament. Roger Douglas himself, now 51 years of age, was a Labour party activist from an early age. He entered Parliament in 1969 and became Minister of Broadcasting during Labour's term in office between 1972 and 1975. In his two years in charge of broadcasting he forced fundamental changes on the cumbersome, public service run broadcasting structure, splitting it into three separate TV and radio entities. This was done in the name of efficiency and cost savings – later fundamental principles of Rogernomics.

Mr Douglas has often been accused of being arrogant, a charge he, justifiably, resents. He is absolutely committed to his beliefs, works hard and long to persuade others to his view and has a strong personality – all of which contribute to the accusation of arrogance. Many traditional Labour Party supporters question his Labour principles, suggesting his policies and philosophy would sit more comfortably with a rightwing political party.

Such comments hurt and puzzle him. A financial technocrat, dedicated to efficiency, he believes firmly that in the end only free competition will create the environment in which socialist principles will work effectively. He argues he has the interests of those needing or deserving the assistance or protection of the state just as much at heart as any member of the government.

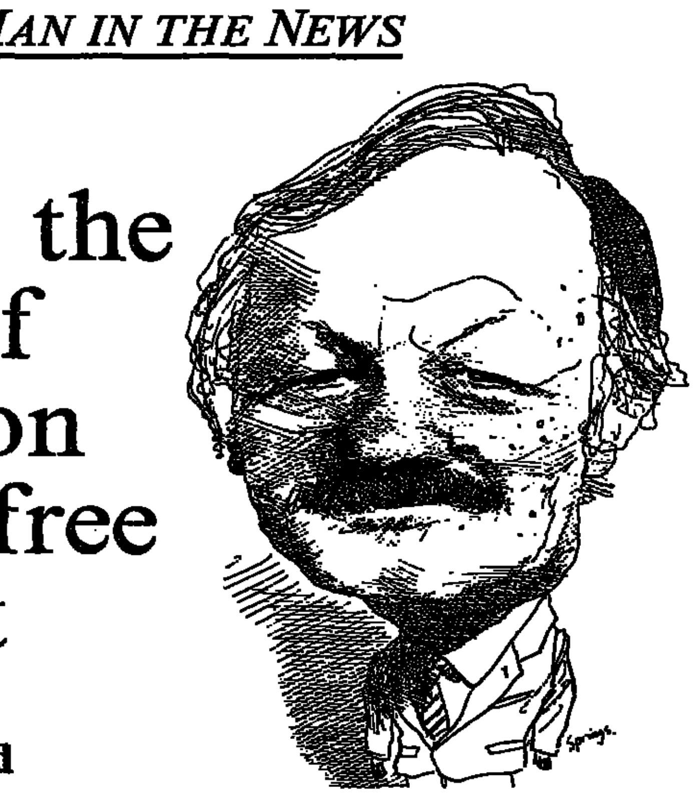
This perhaps is the clue to the difference between the two former friends and close political allies. It is a difference of heart and head, of people and pennies. Mr Douglas wants to get the technical foundations fixed first. Mr Lange cannot ignore the individual needs of people.

Mr Douglas gained an accountancy degree at Auckland University. He experienced the commercial world as company secretary to a carpet manufacturer. He also worked for the health food business started by his grandfather. It *began almost as a cottage* industry and developed into a thriving commercial business before the family sold out for what legend was enough to leave all concerned, including Roger, more than comfortably off.

Today his main commercial interest is a partnership in a large pigbreeding operation. While Minister of Finance he frequently spent weekends in wellington boots and overalls cleaning out pigsties or shovelling pig waste.

He has now been abandoned by his own prime minister; a large number of his countrymen rejoice in his downfall. Depending on the events of the next 18 months he may well abandon politics for the commercial world. He is loyal to the party and will probably restrict his public comments if his successor, Mr David Caygill, follows the broad thrust of Rogernomics – though at a slower pace. If not he will not hesitate to speak his mind.

Life as an ordinary backbench MP will not sit easily, however, on the shoulders of the man who planned and implemented the greatest economic upheaval New Zealand has known for 50 years.



Stefan Wagstyl reviews the controversial career of the remarkable Japanese violin teacher

A serenade for Mr Suzuki at 90

In the eyes of his critics, he is a well-meaning crank. A charlatan who makes a mockery of great music by pretending anyone can play it. In the eyes of his pupils, he is the most inspired music teacher alive. A master of tone, the indescribable soul of music that distinguishes piano from pianola.

With no formal qualifications in music, Mr Shinichi Suzuki 40 years ago founded a school of music which now has 300,000 pupils around the world. Students of the Suzuki Method will be performing this Christmas at concerts around the globe, proof of a lasting contribution to Western culture by a very unusual Japanese. Mr Suzuki turned 90 this year. He still teaches every day in Matsumoto, a Japanese town ringed by mountains which a British missionary christened the Japan Alps. He takes classes sitting before an electric fire. With a hearing aid in each ear, Mr Suzuki has trouble catching what his pupils say, but listens intently to their playing. He shuffles when he walks, hardly able to lift his feet. But when he picks up his violin, the whole of his tiny frame comes to life.

"Play with your body," he tells the class. "Your body tells your arm where to go. Your arm tells your fingers. You don't play with your fingers." The students in Mr Suzuki's master class lap it up. They smile at the old man's jokes, made in English and in Japanese. Concert musicians and beginners alike, they obediently accept sweets as prizes for playing something well. Mr Suzuki takes them through a repertoire from Bach and Beethoven to Twinkle, Twinkle, Little Star.

It is a style which drives some music teachers to despair. The emphasis on group lessons, the mixed-ability class, the frequent repetition of easy pieces. None of this, say the critics, could produce a first-class soloist. The students would cover up each other's mistakes. But Mr Suzuki's students say the method brings out the best in them. An Irishman who studied in London's Royal School of Music says: "Other teachers are just interested in pushing you to harder and harder pieces. In the end you get discouraged and people give up. Mr Suzuki shows you that everything is worth playing well." A piano teacher from New Hampshire says: "What matters to Mr Suzuki is tone, not technique."

Mr Suzuki himself believes that all children deserve the chance to learn music, because all are born absolutely equal in ability. "Ability is never inherited. Only the body is inherited." So any child can be taught to be a genius – as long as he or she is properly educated. "In the same way I could have made Mozart tone-deaf – by playing out-of-tune tapes to him as a baby," says Mr Suzuki.

Modern psychologists regard this philosophy as naive: they argue fiercely about the relative importance of inheritance and upbringing in determining a child's abilities, but most accept that both play a part. Nevertheless, in the 1960s, when Mr Suzuki first introduced his methods to the US, his ideas helped to generate criticism of a then widely-held belief in inheritance as the determinant of intelligence.

However, what sets Mr Suzuki apart are not his rather simplistic psychological theories, but the energy with which he has pursued them in the field of music. The belief that any child can be a Mozart challenged a commonly-held view that musical ability was a gift given to the very few. He has made music more accessible to generations of children and their parents.

Mr Suzuki is a Roman Catholic, who goes to church once a year at Christmas. He also worships at traditional Japanese Shinto shrines and Buddhist temples. He says he always offers the same prayer: "I thank God for giving me the energy for my work." But the deepest source of Mr Suzuki's drive is undoubtedly a deep-rooted Romantic belief in the power of culture to transform people, to make them good. He says: "We are still stone age people. We need music to learn to live in harmony."

Mr Suzuki claims he fell in love with music at the age of 17 on listening to his first gramophone record, a recording of Schubert's Ave Maria. There could be a more prosaic explanation – the fact that his father ran a violin factory in Nagoya, which young Mr Suzuki visited frequently.

The seminal experience of his life was eight heady years spent in Berlin in the 1920s, in a glittering artistic and musical world to which he was introduced by a German music teacher. He met Albert Einstein who took him to concerts. "I found the meaning of art in Germany," he says. "I found that art is the spirit of a human being."

He married a German woman and returned to Japan to start a music school in Tokyo. But war-time bombing raids forced him to quit Tokyo and live in the country, where he suffered malnutrition, at one point eating boiled algae to stave off hunger. After the war he started his school again in Matsumoto, at a time when no-one there played the violin. Word of Mr Suzuki's skill in teaching small children to play music spread quickly. In 1955, he held the first of the national mass-concerts which are now held annually in Japan. To his admirers, these are a symbol of Mr Suzuki's success, to his critics, a symbol of his limitations. Up to

3,000 children play together at these gatherings in Tokyo.

International renown came with concert tours of the US in the 1960s, when Americans gaped with astonishment at the sight of dozens of small Japanese children playing Mozart led by a veritable pied piper, already in his 60s. Since then Mr Suzuki has always attracted a bigger following in America than anywhere else, even Japan.

It is the classical masters who command Mr Suzuki's highest respect – Bach, Mozart and Beethoven. "They are the teachers. I am just the assistant," he says. By the same token, he has little time for other musical forms, especially the music of the 20th century. "Jazz, jazz, jazz. That's all on a very low level."

David Buchan and **Tim Dickson** assess the new EC Commission, appointed yesterday

Mr Delors shapes his team for 1992

In the end it all happened in broad daylight, and there appears to have been precious little blood on the floor.

Yesterday's eagerly-awaited share-out of European Commission portfolios never dragged on to become, in EC jargon, a "night of the long knives." Mr Jacques Delors used his prestige and position as EC Commission president to make job offers to his 16 colleagues which they ultimately could not refuse.

As the first two-term president of the Commission for a quarter of a century, Mr Delors was ready to start matching people to jobs as soon as the 12 governments started to nominate their representatives to the Brussels executive for the next four years.

The apparent ease with which the final pieces of the jigsaw fitted into place should not disguise the complexity of the task. These are the men and women who will prod the Community along the rocky path to 1992 and on whose determination, or lack of it, will depend the chances of creating a truly barrier-free Europe.

Unlike national governments, which are reshuffled from time to time, only death or resignation will change the new line-up in Brussels over the next four years.

European prime ministers will have to reckon with a Commission president more dominant than ever over his colleagues. Gone are the more feisty characters in the outgoing team, like Lord Cockfield and Mr Peter Sutherland, with the intellectual weight to take on the sometimes bullying style of Mr Delors in Commission debate. While others like Mr Frans Andriessen, the new Dutch external affairs commissioner and now the longest serving of them, may come to fill the gap in time, there are no obvious contenders among the newcomers.

Mr Delors, moreover, could be said to have refused to play by the rule he set for others – namely, that none of the holdover Commissioners from the old team should retain their existing portfolios. Contrary to earlier indications, he has not passed the important responsibility for monetary affairs to Mr Henning Christophersen of

Denmark. He will therefore continue to be, both in Brussels and at the Basle meetings of central bank governors, the pivot in further movement towards European monetary union.

He has skilfully spread the Commission workload more evenly to reflect changing Community priorities. But this has also served to increase his predominance over any other single Commissioner.

Splitting the internal market dossier three ways is perhaps the biggest change. The rationale is that while Lord Cockfield could play the master architect as probably no other could, now that the blueprint is out in the open it will require different skills and more manpower to build on it.

Mr Martin Bangemann of West Germany inherits the formal title, but not all of the previous substance, of internal market commissioner. He adds the rump of the old industry portfolio (steel, textiles, shipbuilding), but loses the increasingly important financial services sector to Mr Leon Brittan. This has solved the problem of how to meet UK objections that the competition dossier alone was insufficient for the senior British commissioner.

The third inheritor of a part of the old internal market dossier is the relatively unknown Mrs Christiane Scrivener, the junior French Commissioner. She will the EC's first commissioner devoted solely to tax issues, and will therefore have to grasp some of the nastiest Community nettles such as harmonisation of indirect and capital savings taxes.

This will put her centre stage. She has already indicated that she is ready to be more flexible than Lord Cockfield in accommodating the UK government's deep-rooted determination to keep a zero rate of value added tax on childrens' clothes and food. Even more difficult, given her nationality, may be handling the French government's increasingly insistent warning that it may backtrack on its legal commitment to free capital movements, unless steps are taken at Community level to impose a high withholding tax on savings and thus stem tax evasion.

Another important division of responsibilities is in industry. While Mr Bangemann watches the sun set over residual Commission responsibility for ailing industrial sectors, the new Italian, Mr Filippo Maria Pandolfi, takes on responsibility for growing Commission involvement in telecommunications, science and research and development.

The second female newcomer to the Commission, Ms Vasso Papandreou, may also find herself under the political spotlight as she seeks to fulfill the new Commission commitment to add a social dimension to the internal market. She will be in charge of employment, training and industrial relations. And she will be promoting, with the support of Mr Delors and of next year's Spanish and French socialist government presidencies of the EC Council of Ministers, a raft of worker health and safety measures.

The most senior economic liberal is Mr Andriessen, who will have the challenge of turning the Community's promise to the rest of the world to be a partner, not a fortress, into reality. The two minor foreign affairs portfolios both go to the Spanish commissioners: to Mr Abel Matutes who is happy to get Mediterranean policy and happier still to have explicit additional responsibility for a new approach to Latin America; and to Mr Manuel Marin, who may be less enamoured with Development and Fishing. It was largely Mr Marin's prolonged pitch for the Budget job – now entrusted to Mr Peter Schmidhuber of West Germany – which held up overall agreement on the portfolios.

Perhaps the biggest surprise is the appointment of Mr Ray MacSharry of Ireland to Agriculture. His ability to manage the sector will be keenly watched

Mr MacSharry's responsibilities remain undivided. The other key spending job – running the EC's expanding structural aid funds – is effectively split. Mr Christophersen plays a co-ordinating role; Mr Bruce Millan, the second British commissioner, will take charge of the Regional Fund, of interest to his native Scotland.

LETTERS

City gloom must not be exaggerated

From Mr Guy Leech.

Sir, David Lascelles's article about the Morgan Grenfell layoffs ("Reality ends a phoney war," December 10) seems to me to be a misleading analysis of what is happening in the securities industry.

By attributing the overcapacity in these markets entirely to the cyclical phenomenon of the crash, he ignores the influence of two secular factors which are also at work: deregulation and rapid technological change.

New and more expensive trading, and information processing equipment, increased the capital requirements in the securities business at the same time that Big Bang removed regulatory barriers to entering it. Capital appeared to be the key competitive advantage for integrated securities houses which were going to make markets as well as broke. Capital poured into the industry as a large number of financial sector companies decided that they wanted a share of the deregulated market; inevitably, the costs of specialised labour increased very fast during this period.

After Big Bang, deregulated prices and increased competition caused gross margins on trading and broking to fall, and higher labour and capital costs caused net margins to be squeezed further. Only while volumes were rising at the tail end of the pre-crash bull markets was there any prospect that returns on the increased capital invested in this business would do anything other than nose-dive and, following the crash, this is what has happened.

Furthermore, this has been expected since a year or so before Big Bang, when it became apparent how much capital was being committed to the industry.

What is very important for the health of the rest of the economy is that the coming contraction in the financial sector is clearly seen to be caused by both the normal cyclical downturn in volumes associated with a bear market, and by the one-off over-investment in capacity associated with deregulation and technological innovation.

Otherwise the gloom and despondency which will be felt in the City will be misrepresented by consumers and investors in the real sectors, and will contribute to exaggerated recessionary expectations, which could be self-fulfilling.

Guy Leech,
21 Wynnstay Gardens,
Allen Street, W8

Fishing in the EC

From Mr James Provan MEP.

Sir, Your leading article (December 13) and the excellent analysis by Bridget Bloom and Tim Dickson (December 9) highlight the crisis facing the Scottish fishing industry.

There is deep concern in the north east of Scotland at the effect which reduced quotas, coupled with the freezing of building grants, will have on an industry facing a substantial bill to bring its facilities up to the exacting hygiene standards required for the industry to compete successfully in the single Community market.

You rightly say that the problem is one of too much fishing power chasing the available resources. Resolution of the problem is in the hands of the British Government.

When the European Community agreed the TAC (total allowable catch) and quota system in 1983, the Commission was in no position to prevent member states from building up their fishing capacity.

Significantly, the country which has been most successful at cutting back capacity is Denmark, which has actively applied the de-commissioning measures available under Community legislation.

The UK fishing fleet tonnage is now 15 per cent over the tonnage target to be achieved by 1991, compared with 4.5 per cent at the beginning of 1987. The UK must now apply the Community legislation. The UK also has a pressure stock licensing system to control the number of vessels fishing in UK waters. This scheme must now be tightened up to prevent new capacity from entering the fleet.

James Provan,
European Democratic Group,
97-113 Rue Belliard,
1040 Brussels, Belgium

'Company cars - a highly emotional subject'

From Mr Lionel Altman.

Sir, Successive large annual increases in scale benefits will eventually have an adverse effect on UK motor manufacturers, as Keith McDowell has recently pointed out in your columns.

The company car is a highly emotional subject; there is undoubtedly an "envy" aspect. But perhaps the reason why some civil servants do not have the use of what are, essentially, work tools, flows from out-of-date policies. Who can say that some Inland Revenue officers could not justify their requirement for mobility?

Many white and blue collar workers have to use vehicles whether they like it or not, as a condition of their job. Company tax relief on cars costing over £8,000 has remained unaltered since 1979 – when the purchase price of most cars was under that figure. To keep pace, the 1988 figure would have to be £16,700.

The methods used to arrive at the scale benefits are not disclosed. The evidence suggests arbitrary decisions based on one motoring organisation's figures. Some commentators have suggested that there is a large loss of tax yield on the basis that company cars are heavily subsidised. That cannot now be said to be the case.

I suggest that the Treasury use both independent and industry sources for an in-depth investigation before embarking upon Budget measures which will further complicate and distort taxation.

Lionel Altman,
Equity & General,
66 Grosvenor Street, W1

Future of British Rail

From Mr Bruce M. Adkins.

Sir, Correspondence in the FT (December 14, 16, November 14) draws attention to British Rail, starved of adequate investment. Ever more is being spent on improving the over-crowded road system, no doubt leading to even more rail traffic transferring to the roads.

Mr J.F. Watson (November 14) mentions the relatively low proportion of heavy goods vehicles on the roads of Canada and the US. His letter, and others, highlight two distinct aspects of British transport economics: the immediate aspect, which shows roads to be generally cheaper, more flexible and (probably) more reliable; and the long-term aspect, which demands the transfer of heavy, and especially bulky, loads back to the railways.

Agreed that railways are not at present well adapted for this – but they could be and should be.

Bruce M. Adkins,
13 Avenue du Panorama, 91190 Gif-sur-Yvette,
France.

Birmingham is seeking to attract the business visitor

From Ms Tina Timms.

Sir, Your Birmingham survey gave a whole variety of views of the city (December 1), which will no doubt provoke an equal number of responses in readers who know Birmingham well.

One section in particular requires another view to redress the balance. To write off Birmingham's entertainment scene as "beer and curry" cannot go unremarked. Your writer calls the city a "cultural void", mentioning yet playing down many of the cultural feathers in Birmingham's cap.

Simon Rattle may be hard to catch, with tickets selling out well in advance, but the City of Birmingham Symphony Orchestra performs three times a week, with such well-known regular guest conductors as Paavo Berglund, Okko Kamu and Oliver Knussen, and soloists including Peter Donohoe, Iona Brown, Dame Janet Baker and Kyung Wha Chung.

The Alexandra Theatre may be well known for trouser dropping farces, but has also staged *To Kill a Mockingbird*, Gogol's *The Government Inspector*, and *Macbeth* this year.

The frequency of visits to the Hippodrome by national and overseas companies such as Sadler's Wells, London Festival, the Royal Ballet and the Moscow Classical Ballet is increasing each year. Indeed, overseas companies such as the Kirov Opera and the Bolshoi Ballet have included Birmingham Hippodrome on even the most limited of UK tours.

"Few city centres have the ambiance to attract the business visitor," writes your correspondent, yet an increasing number of city centre "ethnic" restaurants are now opening and refurbishing to appeal to exactly this market – Henry's in St Paul's Square, Lorenzo's, and the Chung Ying Garden, for example.

With new developments on the horizon, such as Brindley Place, a huge "Baltimore harbour" style shopping, restaurant and leisure complex adjacent to the new International Convention Centre, no doubt more top restaurateurs will be drawn to the city centre.

"No cheery bistros, no cafés that spill out on to the pavement," your article said. What about the Rep cafe bar, Horts wine bar in Edgbaston, or the Grapevine pub? "Nothing to reflect local character," it continued. Why then are so many restaurants and bars opening in renovated buildings on the canalside? (Incidentally, we would be interested to meet your writer's "considerable Japanese presence in the Midlands" to ask why no restaurant has yet been opened by them.)

The need for more upmarket facilities to help Birmingham in its progress towards International Convention City is recognised by developers and authorities alike. Your article could have placed a positive emphasis on the many new restaurants, bars and cultural developments, rather than playing down the already impressive list.

Tina Timms,
Birmingham Convention & Visitor Bureau,
9 The Wharf,
Bridge Street,
Birmingham.

UK COMPANY NEWS

M&G beats forecast to hold £23m

By Nikki Tait

M&G, the fund management group which is Britain's largest unit trust operator, yesterday showed considerable resilience to the depressed market conditions with pre-tax profits only marginally reduced from £23.33m to £23.01m in the year to the end of September.

The figures, better than most analysts had been predicting, come in sharp contrast to those from some other fund management groups recently.

At the earnings per share level, the figure were nudged down from 20.73p to 20.15p and, after a final pay-out of 5p a share, the total dividend goes up by 21 per cent to 8.5p (7p). The shares gained 6p at 287p.

M&G said that it was pleased that unit trust sales had exceeded redemptions overall, albeit by a substantially reduced margin. Sales fell from £543m to £385.2m, while re-purchases rose from £331.5m to £357m.

The company also reported an increase in the number of unit-holder accounts – up from 447,000 to 493,000 – and suggested that its share of the unit trust market (about 8.5 per cent in terms of assets under management in this area) has increased.

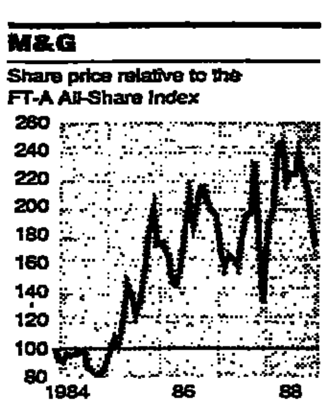
Revenue from the unit trust management activities dropped from £36.34m to £33.66m, but marketing and commissions expenditure also fell from £11m to £8.47m. Administration expenses jumped sharply from £8.57m to £10.91m, with M&G claiming that the one-off expenses of the Financial Services Act cost it about £1.5m. The on-going additional costs resulting from the FSA were put at about £500,000.

A further £4m (£3.15m) was contributed to the group total by M&G Assurance Group, with new annual premiums up from £12.1m to £22.1m while single premiums dropped from £130.5m to £98.4m.

See Lex

M&G

Share price relative to the FT-A All-Share Index



Ex-Boesky associate ups stake in Cambrian

By Nikki Tait

AN AMERICAN investor, Mr Lance Lessman, yesterday disclosed that he has been acquiring further shares in Cambrian & General Securities, investment trust. Mr Lessman, who is flying to London this weekend, said that he held 2.37m ordinary shares, a little less than 5 per cent and 121,000 capital shares, 0.78 per cent.

The holdings follow purchases of ordinary shares at 106p and capital shares at 115p.

Cambrian, once a vehicle for Mr Ivan Boesky, convicted US insider trader, is facing a £67.9m hostile bid from New York-based, Leucadia National Corporation. The Leucadia offer is pitched at 108p and 120p respectively, a significant discount to the net asset valuations as at the end of September of 136.3p and 189.1p.

Mr Lessman, who worked for Mr Boesky for seven years and said that at one stage he "focussed on Cambrian on a daily basis", first appeared as a disclosed shareholder on the Cambrian register in January. Shortly afterwards, he indicated that he would be interested in taking over the management of Cambrian if board agreement was forthcoming.

In the past few days, it is understood that there has been some contact has been re-established between Mr Lessman and S. G. Warburg, which is advising Cambrian.

Next week the Cambrian defence document is due and there is a shareholders' meeting, which was called ahead of the bid news, to vote on the wind-up of the trust.

'White knight' steps into battle for Avdel

By Nikki Tait

THE BITTER £112m bid battle over Avdel, the UK fasteners group formerly known as Newman Industries, took a highly unusual turn yesterday as the target company announced that it had found a "white knight" prepared to make a higher cash offer if the existing bidder, US-based Banner Industries, agreed irrevocably to accept.

The mystery bidder, advised by Schroder Wagg, is prepared to bid 92p for each Avdel share, compared with the 88p offer already on the table under the revised Banner bid.

Within hours of the Avdel announcement, a list of a dozen institutional investors, who had indicated that they would accept the "white knight" offer if it were made, was published by Cazenove, Avdel's brokers. The list included M&G, 3i, GT Management, Prolific, Imperial Group Pension Trust, and MIM. Together, the institutions speak for 34.77 per cent of Avdel's voting capital.

However, the announcement brought a speedy response from Banner, which said that it was fully committed to the Avdel bid and "has no interest in the short term financial gain" offered by the competing proposal.

Banner, through its initial option over the 27 per cent stake held by Suter in Avdel (now exercised) and through its market raid on Monday, has already acquired 43.2 per cent of Avdel's voting rights.

These shares have been bought at prices ranging from an effective 80p to 88p, and Avdel calculates that a bid at 92p would offer Banner the chance to realise a £5.8m profit (ahead of expenses and tax).

The Banner bid has been declared final and cannot be increased under any circumstances.

Yesterday, all parties declined to comment on the identity of the "white knight". Suggestions in the market ranged from the likes of TI – which declined to comment on market rumours – to any of the UK conglomerates or, possibly more likely, a US industrial group.

Elaborating on its response, Banner claimed that the "white knight" intervention was a delaying tactic and that – given its refusal to meet the precondition – the position should now be clarifed as quickly as possible.

Avdel, however, argues that Banner should "behave in a proper manner" and allow shareholders the benefit of a higher offer.

See Lex

Admin costs cut Ivory & Sime by 22%

By James Buxton, Scottish Correspondent

IVORY & SIME, Edinburgh-based investment manager, yesterday reported a 22 per cent reduction in pre-tax profits and a 6 per cent fall in turnover for the six months to October 31 1988.

Pre-tax profits were £1.54m compared with £1.99m last time. Turnover, which consists almost entirely of fee income, fell from £4.61m to £4.32m.

Administrative expenses rose sharply from £2.59m to £3.64m. As a result trading profit declined from £2.05m to £859,000, although the taxable figure was boosted by a jump from £67,000 to £810,000 in interest on cash deposits.

Earnings per 0.1p share after amortisation of goodwill amounted to 3.23p (4.82p) and the interim dividend is unchanged at 1.25p.

These first-half figures are set against those for a period of 1987 almost all of which was prior to October's stockmarket crash. The crash resulted in a substantial drop in I&S' fee income, which comes from institutional clients.

The company also lost revenue as a result of the restructuring earlier this year of three of its investment trusts – Edinburgh American, Atlantic Assets and Japan Assets – since some investors took the chance to withdraw their funds.

Mr Alex Hammond-Chambers, I&S chairman, said the withdrawals were greater than the new business so far gained.

The main reason for the jump in administrative expenses was the cost of taking on a team of financial services specialists, led by Mr Richard Carswell, from County Unit Trust Managers. The team is now developing a unit trust operation for I&S as part of the company's new strategy.

The board said it was making good progress in expanding its business, including the recent establishment of a joint venture named Ivory & Sime Pembroke in Canada, and the development of a wider presence in Europe.

Mr Hammond-Chambers said that the company's recently launched Atlas Fund was a very appropriate product for the European savings market.

Consortium in agreed £7.8m bid for Wistech

By Philip Coggan

OFFERTEST, a specially-formed company backed by Compagnie Générale des Eaux, French water company, yesterday made an agreed £7.8m bid for Wistech, waste disposal group.

The offer is 72p cash per share in Wistech, which is traded on the over-the-counter market. There is a one-for-ten share alternative but it is not intended for Offertest shares to be traded on any stock exchange.

Mr Dwight Makins, formerly managing director of John Govett, has put together the consortium to form Offertest. Sarp Industries, subsidiary of Compagnie Générale des Eaux, will own 22.5 per cent with Mr Makins holding 8.5 per cent.

It is not known whether Leigh Interests, Midlands-based waste company, which owns 12.7 per cent of Wistech's equity, will accept the offer. Earlier in the year, Caird Group, another waste group, made an offer for Wistech and then withdrew its bid.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
58	F.P.	-	65	58	‡Apollo Metals 10p	64		R2.0	2.9	4.2	11.0
§20	F.P.	16/12	29	21	‡Apollo Watch Prods. 3p	29		b0.45	3.0	2.1	19.5
-	F.P.	-	74	55	BTR Warrants	61	+1	-	-	-	-
82	F.P.	-	71	43	Betacom 10p	70		b2.6	2.0	5.0	9.4
§200	F.P.	-	210	183	‡Bletchley Motor 20p	185	+2	R7.5	2.4	5.4	7.4
§135	F.P.	-	146	141	Bostrom 5p	143	-2	R5.1	2.9	4.8	8.1
125	60p	-	63	58¾	British Steel 50p	60	+¼	R7.5	2.7	8.0	5.1
Ir.44	F.P.	-	41	41	‡Capital Leasing Ir.10p	41		R013%	3.3	2.7	11.7
§70	F.P.	-	82	72	‡Channel Express 10p	76	-1	R2.1	3.0	3.7	11.0
§154	F.P.	13/1	158	141	Dawsongroup	141		R4.75	2.6	4.5	10.2
§84	F.P.	-	95	84	‡EW Fact 5p	90		b3.0	2.3	4.4	9.4
§190	F.P.	-	190	182	‡Embassy Property 10p	187		L6.0	1.4	4.3	11.9
955	F.P.	6/2	157	140	Fairey Group 5p	143	+1	R5.8	2.9	5.2	8.4
§85	F.P.	-	152	85	*Haemocell 1p	146		-	-	-	-
§110	F.P.	-	133	110	‡Metro Radio 5p	131		13.0	2.3	3.1	15.1
§100	F.P.	-	101	92	New Zealand Inv. Tst.	92		F6.0	-	8.7	-
§120	F.P.	-	120	111	‡Planning Resch. & Sys10p	113	-3	R3.5	2.8	4.0	10.2
§66	F.P.	-	69	63	‡Safeland 5p	63		R2.6	3.2	5.5	6.2
§140	F.P.	-	148	141	Secure Trust 1p	148	+3	W7.09	2.3	6.4	9.1
§95	F.P.	-	98	93	‡Westore Plant 5p	95		L3.25	1.5	4.6	11.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	96p	85p	AMEC New 6½p (Net) Cm Cv Rd Pf 50p	85p	-1
100p	F.P.	-	105p	103p	‡Apollo Metals 8p(Net) Cm Rd Pf 10p	103p	
100p	F.P.	-	100¾p	98½p	Arlington Sec. 9½pc Cm. Rd. Pf. 2008	98½p	-½
100.3p	F.P.	-	101p	94p	Blackwood Hodge 9pc Cm. Pf. £1	95p	
100	F.P.	-	102	100	Cable & Wireless 7pc Cv Uns Ln 2008	102	+2
§100p	F.P.	-	99¾p	98½p	Church (C) Dev. 9.375pc Cm Rd Pf £1	99p	
§100p	F.P.	-	101p	99½p	Egerton Tst. 9¾pc 1st Cm Rd Pf 2013	100p	
§100p	Nil	-	¼pm	¼pm	Jessups 7.3p(Net) Cv Cm Rd Pf 50p	½pm	
100p	F.P.	-	91p	86p	Leisure Invs 7pc Cm Cv Rd Pf(1988) £1	90p	-1
100p	F.P.	-	115p	102p	Lloyds Chem. 7.5p (Net) Cm Rd Pf 5p	102p	
100p	F.P.	-	98p	89p	Mecca Leisure Grp. 7.25p Cv Pf 20p	90p	+1
§100	F.P.	-	100½	99⅝	N'wide Anglia 12⅜pc 4.12.89	99⅝	
§100p	F.P.	-	96p	90p	Parkfield Grp 9pc(Net)Rd Pf '10/13 £1	92p	
§100p	F.P.	-	100p	88p	Rockware Grp 7¼pc Cv Cm Rd 2nd Pf	90p	+1
†100p	F.P.	-	80p	80p	‡Thorpac 8p Cv Rd Ptg Pf '01-'05 50p	80p	
100p	F.P.	-	104p	93p	Williams Hldgs 8p (Net) Cv Rd Pf 10p	93p	-1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
10	Nil	10/1	2pm	1pm	*Amercoeur Energy	1pm	
55	Nil	16/12	12pm	3pm	Electronic Machine 5p	3pm	
185	Nil	25/1	20pm	2pm	Hickson International	2pm	
165	F.P.	13/1	245	230	‡JSB Electrical 20p	233	
220	Nil	-	4pm	1¼pm	‡Parkway Group	3pm	
2½	Nil	-	1pm	¼pm	*Swanyard Studios 1p	¼pm	

a Annualised dividend.b Figures based on prospectus estimates.d Dividend rate paid or payable on part of capital, cover based on dividend on full capital.g Assumed dividend and yield.s Dividend and yield exclude special payment. d Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.L Estimated annualised dividend,cover and p/e based on latest annual earnings.M Dividend and yield based on Prospectus or other official estimates for 1988.N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross.R Forecast annualised dividend,cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures.φ Issued by tender.‡ Offered to holders of ordinary shares as a "rights".† Introduction.§Placing price.†† Reintroduction.‡ Issued in connection with reorganisation merger or takeover.‡ Allotment price.‡ Unlisted securities market.‡ Official London listing.□ Including warrants entitlement.* Third Market.

TRADITIONAL OPTIONS

- First Dealings Dec 5
- Last Dealings Dec 16
- Last Declarations Mar 9
- For settlement Mar 20

For rate indications see end of London Share Service

Calls in Blue Arrow, Samson Expl, Eurotunnel Wrnts, Utd Biscuits Wrnts, Lonrho, Mountleigh, BSR, Caspan Oil, Pentleigh, Wellman, Colorvision, Charterhall, Sears.

Redfearn loses PLM bid battle

The board of Redfearn, UK glass manufacturer, yesterday accepted defeat and recommended the £54.5m bid from PLM, the Swedish packaging company.

Previously the directors had declared the 545p per share offer to be inadequate.

However, PLM increased its acceptances to 74.1 per cent of Redfearn's equity yesterday, and, in the circumstances, the directors have advised shareholders to accept the offer without delay.

Clarke Hooper rises

Clarke Hooper, USM-quoted promoter of consultancy services, increased profits from £657,000 to £863,000 pre-tax for the six months ended October 31.

Turnover virtually doubled to £16.97m, reflecting a continued improvement in sales to both new and existing clients in the UK, Canada and the US.

The interim dividend is being increased from 1.2p to 1.45p from earnings of 6.18p (4.84p) per 5p share.

Northamber

Strong growth rates within its marketplace ensured a 46 per cent increase in interim pre-tax profits at Northamber, supplier of computers, printers and peripheral products.

The rise to £2.72m (£1.86m) for the six months to October 31 was struck on turnover almost doubled at £47.88m (£24.88m). After tax of £969,000 (£652,000), earnings per 5p share worked through 37 per cent ahead at 10.3p (7.5p). As with previous interim results, there is no dividend.

Western Selection

Western Selection, wire maker and investment finance company, reported pre-tax profits of £2.45m in the year to September 30, an advance of £246,000 on last time. Turnover increased from £12.73m to £15.88m and, after tax of £882,000 (£784,000), earnings came out at 10.9p (10.01p) per 20p share. The directors have recommended raising the final dividend to 2p (1.9p) to make a total of 3.7p (3.4p).

Priest Marians buys 9% of Inoco and may bid

By Paul Cheeseright, Property Correspondent

PRIEST MARIANS Holdings, the property company with extensive interests north of Oxford Street in central London, yesterday emerged as a probable bidder for Inoco, when it disclosed that it had acquired a 9.22 per cent stake.

The 11.9m shares, valued at a total of £5.35m on last night's Inoco closing price of 40¼p, were bought in the market. The shareholding – 62.5m shares or 48.8 per cent of the issued capital – of Mr David Rowland, deputy chairman, remains intact.

Inoco shares were unchanged yesterday although those of Priest Marians rose 11p to 405p.

Last Tuesday, Inoco, which has been transformed from an oil company to a property investment concern holding a portfolio with a book value of £56m, said that it was engaged in talks which could lead to a full-scale bid.

Priest Marians was itself transformed when it bought the Langham Estate in central London last February. Since then it has sold other properties and cloth merchanting interests to reduce gearing to beneath 50 per cent. A bid for Inoco would suggest that it is moving away from consolidation into fresh expansion.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bridport-Gundry	fin	5.1	Jan 31	5.1	7	7
Campbell & Arm §	int	1.65	-	1.5	-	4.5
Clarke Hooper §	int	1.45	-	1.2	-	3
Forminster	int	2.75	-	2.5	-	8.1
Ivory & Sime	int	1.25†	-	1.25	-	5.75
M&G Group	fin	5	Jan 23	4	8.5	7
Reliance Secur §	int	1.5	Jan 30	1.5	-	4.75
Strata Invs	fin	0.7	-	0.55	0.7	0.55
Tinsley Robor	int	0.75	-	-	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market.

هكذا من الأصل

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Department for National Savings publishes monthly progress report for November. Kuala Lumpur Stock Exchange to discuss possible amendments to the rules of the Exchange at annual meeting.

MONDAY: Central Statistical Office issues figures for gross domestic product (third quarter-provisional). European Community foreign ministers meet in Brussels (until December 20). The agriculture ministers of the European Community return to Brussels to wrestle with a new compromise package put forward by the European Commission covering beef reform, milk quotas, direct income aids, New Zealand butter and lamb imports and several other minor issues. Sri Lankan presidential elections. Mr Rajiv Gandhi, Prime Minister of India, on visit to China (until December 21). Mr Eduard Shevardnadze, Soviet Foreign Minister, to visit to Japan (until December 21). Annual summit of the Gulf Cooperation Council in Bahrain.

TUESDAY: London and Scottish banks monthly statement (November). Bank of England gives provisional estimates of monetary aggregates (November). Central Statistical Office issues cyclical indicators for the UK economy (November). Department of Trade and Industry publishes figures for manufacturers' and distributors' stocks (third quarter-revised). US third quarter gross national product (second revise); consumer price index (November), real earnings (November). OECD semi-annual commercial reports released. Revised budget debate in Norwegian Parliament. Sri Lankan Parliament is dissolved ahead of general elections next February.

WEDNESDAY: Department of the Environment issues figures for new construction orders in October. US personal income (November);third quarter capital spending; October US budget statement. European Community internal market council meets in Brussels. Trades Union Congress meets in London. Mr Shevardnadze will lead a high-level team to the Philippines in an attempt to improve relations with Washington's most important south-east Asian ally (until December 22).

THURSDAY: Parliament adjourns for Christmas recess. US durable goods orders (November). Hanson special shareholders meeting to approve increase in borrowing powers.

FRIDAY: Department of Trade and Industry/Central Statistical Office publish the balance of payments current account and overseas trade figures (November). Building Societies Association monthly figures (November).

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	108-07	+7/32	10.77	11.01	10.41
	8.750	9/97	91-28	+8/32	10.19	10.24	9.88
	9.000	10/08	97-12	+10/32	9.29	9.28	9.12
US TREASURY	8.875	11/98	98-07	+5/32	9.15	9.05	8.98
	9.000	11/18	99-17	+6/32	9.04	8.97	8.98
JAPAN No 105	5.000	12/97	102.7451	-0.285	4.57	4.47	4.59
No 2	5.700	3/07	106.4414	-0.637	4.83	4.72	4.87
GERMANY	6.750	9/98	101.4500	+0.075	6.56	6.56	6.38
FRANCE BTAN	8.000	10/93	97.2858	+0.086	8.69	8.54	8.58
OAT	9.500	5/98	104.7550	+0.405	8.72	8.71	8.86
CANADA	10.250	12/98	100.6280	+0.250	10.15	10.03	10.13
NETHERLANDS	6.7500	10/98	101.6750	+0.100	6.58	6.60	6.47
AUSTRALIA	12.500	1/98	98.3750	-1.372	12.80	12.42	11.98

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
[illegible]								
KNP P	Fl. 45	141	1	156	2.90	-	-	Fl. 45.50
NEDLLOYD C	Fl. 250	213	9.30 A	27	19	10	22	Fl. 252
NEDLLOYD P	Fl. 230	91	1.30	10	5.50 B	10	10	Fl. 252
NAT.NED. C	Fl. 70	2	0.20	537	1.40	3	1.80	Fl. 63.20
PHILIPS C	Fl. 35	206	0.30	530	1	417	1.50	Fl. 31.70
PHILIPS P	Fl. 30	97	0.40	336	1.30	10	1.90	Fl. 31.70
ROYAL DUTCH C	Fl. 230	838	3.80	836	9.80	41	11	Fl. 229.20
ROYAL DUTCH P	Fl. 230	467	3.70 A	185	6.70	212	11.50	Fl. 229.20
UNILEVER C	Fl. 120	626	1	95	3.70	89	5.70	Fl. 113.90
UNILEVER P	Fl. 110	44	1	54	3.10	45	5.20	Fl. 113.90
VAN OMMEREN C	Fl. 35	58	0.60	447	2	15	2.50	Fl. 33.70

TOTAL VOLUME IN CONTRACTS : 48,809
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	City Merchants Bank	13	NatWestminster	13
Adam & Company	13	Clydesdale Bank	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Comm. Bk N.East	13	Norwich Gen. Trust	13
Allied Irish Bank	13	Co-operative Bank	*13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Coutts & Co	13	Provincial Bank PLC	14
ANZ Banking Group	13	Cyprus Popular Bk	13	R. Raphael & Sons	13
Associates Cap Corp	12	Dunbar Bank PLC	13	Roxburghe G'rantee	13½
Authority Bank	13	Duncan Lawrie	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Equatorial Bank plc	13	Royal Trust Bank	13
Bank of Baroda	13	Exeter Trust Ltd	13½	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	Financial & Gen. Bank	13	Standard Chartered	13
Bank Hapoalim	13	First National Bank Plc.	14	TSB	13
Bank Leumi (UK)	13	● Robert Fleming & Co.	13	United Bk of Kuwait	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Mizrahi Bank	13
Bank of Cyprus	13	Girobank	13	Unity Trust Bank Plc	13
Bank of Ireland	13	● Guinness Mahon	13	Western Trust	13
Bank of India	13	HFC Bank plc	13	Westpac Bank Corp.	13
Bank of Scotland	13	● Hambros Bank	13	Whiteaway Laidlaw	13½
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Yorkshire Bank	13
Barclays Bank	13	● Hill Samuel	§13		
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	§13.95		
Citibank NA	13	Mount Bnkg Corp.	13		
		Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section		Fri Dec 16 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Dec 15 Index No.	Wed Dec 14 Index No.	Tue Dec 13 Index No.	Year ago (approx) Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (208)	764.14	+0.6	12.26	4.66	9.99	25.27	759.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	920.58	+0.1	13.84	4.95	8.89	33.27	919.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (39)	1439.74	+0.9	13.65	4.23	9.55	46.70	1426.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (10)	2252.78	+0.4	9.61	5.01	12.54	77.61	2243.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (30)	1752.41	+0.7	10.70	3.72	12.09	46.85	1740.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (54)	400.03	+0.7	11.80	4.63	10.30	13.75	397.41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (8)	447.61	+0.6	16.88	6.46	6.75	14.31	445.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (16)	258.84	+0.8	13.11	5.22	8.81	9.80	256.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (23)	1292.87	+0.5	10.52	4.82	11.24	45.45	1285.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (188)	1001.13	+0.7	10.39	4.16	12.07	29.69	994.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	1112.03	+0.6	11.44	4.01	10.91	30.86	1105.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	899.19	+0.5	10.19	4.27	12.32	27.16	894.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	1744.80	+1.2	10.36	4.02	12.70	51.41	1723.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (13)	1762.74	-0.4	7.63	2.87	15.02	40.69	1770.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (31)	1330.23	+0.7	9.24	3.96	13.81	37.72	1320.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (17)	509.04	+1.0	10.95	4.42	11.35	16.19	503.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (19)	3152.14	+0.9	9.71	4.87	12.88	106.59	3123.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (34)	673.93	+1.5	12.63	5.11	10.41	23.22	664.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (16)	446.31	+1.5	15.59	6.30	7.69	19.12	439.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (92)	879.20	+0.3	11.95	4.90	10.22	28.79	876.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	1003.47	+0.6	8.96	2.81	14.00	21.23	997.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (22)	1002.03	+0.2	12.73	5.26	9.43	41.73	999.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (12)	1228.40	+0.2	12.11	5.87	9.54	54.04	1218.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	1828.72	+0.6	12.25	5.13	10.67	62.48	1817.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	993.48	+0.4	11.83	4.73	10.99	21.80	989.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (25)	1159.88	.....	12.43	4.74	9.15	41.15	1159.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (488)	920.63	+0.5	11.33	4.50	10.90	28.96	915.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (12)	1786.69	+0.8	10.36	6.26	12.36	76.90	1772.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	993.78	+0.6	11.19	4.76	11.09	33.01	988.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (124)	671.29	+0.7	-	5.31	-	26.51	666.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	667.69	+1.2	21.23	6.50	6.31	32.18	659.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	919.78	+0.5	-	5.77	-	39.81	915.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	518.31	+0.5	-	6.03	-	24.84	515.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	909.11	+2.6	9.63	7.15	12.97	46.87	886.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	312.95	+0.6	-	4.79	-	10.99	311.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (52)	1208.94	+0.2	5.91	2.84	21.63	25.65	1206.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (31)	342.36	+0.3	10.28	5.78	12.15	15.12	341.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (76)	903.55	+0.2	-	3.34	-	20.26	901.80	899.63	900.58	785.41	943.09 8/11	784.91 4/1	1287.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	549.67	+0.5	11.12	3.80	10.02	15.67	546.71	535.80	532.84	426.25	619.62 21/9	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1264.80	+1.2	9.28	5.81	12.49	44.98	1248.53	1249.43	1253.44	924.57	1447.77 7/11	969.88 4/1	1447.77 7/11/88	97.37 6/1/75
99	ALL-SHARE INDEX (710)	913.81	+0.6	-	4.78	-	30.85	908.38	904.47	904.36	867.07	978.58 8/8	870.19 8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 15	Dec 14	Dec 13	Dec 12	Dec 9	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1773.9	+10.7	1775.0	1769.9	1763.2	1756.1	1752.6	1747.9	1750.3	1717.0	1879.3 22/6	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 16	Day's change %	Thu Dec 15	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	118.28	+0.27	118.13	0.17	11.35
2	5-15 years	133.56	+0.33	133.98	0.86	13.32
3	Over 15 years	145.81	+0.31	145.36	-	13.86
4	Irredeemables	168.52	+0.54	167.61	-	13.62
5	All stocks	131.46	+0.31	131.57	0.52	12.83
	Index-Linked					
6	5 years	130.05	+0.01	130.03	-	1.81
7	Over 5 years	126.61	+0.15	126.42	-	3.26
8	All stocks	126.68	+0.14	126.51	-	3.13
9	Debentures & Loans	116.66	....	116.65	-	11.62
10	Preference	86.10	....	86.10	-	6.41

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 16	Thu Dec 15	Year ago (approx.)	1988 High	1988 Low
	British Government						
1	Low	5 years	10.31	10.37	8.93	10.54 14/12	8.38 18/4
2	Coupons	15 years	9.57	9.59	9.58	9.83 13/1	8.90 18/4
3		25 years	9.15	9.17	9.42	9.57 13/1	8.82 18/4
4	Medium	5 years	10.68	10.73	9.56	10.94 14/12	8.75 18/4
5	Coupons	15 years	9.78	9.82	9.78	10.01 13/1	9.12 15/3
6		25 years	9.35	9.39	9.67	9.79 13/1	8.99 14/3
7	High	5 years	10.80	10.89	9.64	11.06 14/12	8.84 18/4
8	Coupons	15 years	9.93	9.96	9.94	10.16 13/1	9.26 15/3
9		25 years	9.37	9.41	9.68	9.82 13/1	9.03 15/3
10	Irredeemables	†	9.02	9.06	9.32	10.09 2/9	8.65 18/4
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.75	3.70	3.10	3.75 16/12	2.09 30/3
12	Inflation rate 5%	Over 5 yrs.	3.77	3.77	3.96	4.27 13/1	3.53 8/11
13	Inflation rate 10%	5yrs.	2.46	2.58	3.49	3.59 13/1	1.09 30/3
14	Inflation rate 10%	Over 5 yrs.	3.59	3.61	4.03	4.37 13/1	3.37 8/11
15	Debs &	5 years	11.43	11.43	10.90	11.82 28/9	10.16 24/5
16	Loans	15 years	11.15	11.15	11.03	11.41 28/9	10.51 19/4
17		25 years	10.88	10.88	11.11	11.21 2/9	10.51 19/4
18	Preference	†	10.40	10.40	10.68	10.84 4/1	9.54 22/6

♦Opening index 1771.8; 10 am 1771.2; 11 am 1771.8; Noon 1772.8; 1 pm 1772.2; 2 pm 1773.0; 3 pm 1773.7; 4 pm 1773.6; 4.05 pm 1773.5 (a) 3.10pm (b) 9.24am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Aurora (6) and LandLeisure (29) have been deleted. Leisure Investments (29) and Life Sciences (27) have been inserted.

Panfida Group acquires US stores from Tenneco

By Fiona Thompson

PANFIDA GROUP, the UK small store retailer, has acquired 370 convenience stores in the south-western US from Tenneco, the Houston-based conglomerate, in a $152m leveraged buy-out. The move establishes Panfida as a significant small stores retailer both in the UK and the US.

The deal is being financed with $127m of debt and $25m of equity, of which Panfida is buying 90 per cent for $22.5m.

Panfida Group was born out of the merger last month between Investing in Success Equities, the UK investment trust, and Panfida, the Australian investment company with businesses in the US, the UK and Australia.

The Group recently acquired a 90 per cent interest in the Majik Market chain of some 600 convenience stores also in the south western US. This, along with yesterday's Tenneco acquisition, puts Panfida in the top 10 largest independent convenience store chains in the US.

In the UK Panfida has some 900 stores through its 53 per cent interest in Martin Retail, the confectionery, tobacco and news group.

Consolidated group revenue, following yesterday's acquisition, should total approximately £900m ($1.65bn) in calendar 1989, Mr Ken Vere Nicoll, managing director of Panfida, said last night.

The Majik Market chain has been making losses for some years, said Mr Nicoll, but a programme of rationalisation and reorganisation has begun and the company was expected to return to profitability within six months. Some branches have already been closed.

The Majik Market and Tenneco stores will be integrated under a holding company to be known as Panfida Corporation. The stores will all trade under the Majik Market name. The integration of the two chains is expected to result in considerable savings in central, field and branch costs.

The corporation is not expected, after interest payments, to make any significant contribution to Panfida Group profits this year. The stores are well situated in growth areas of the US with significant potential for profitable development, said Mr Nicoll.

The Tenneco branches all include petrol stations and Panfida had been indemnified by Tenneco against any environmental claims for the next two years.

Tiger agrees $850m takeover

By Karen Zagor in New York

TIGER INTERNATIONAL, the US air cargo and trucking group, has agreed to a takeover offer worth about $850m from Federal Express, the Tennessee-based company that pioneered the overnight package delivery business.

The deal, approved by both boards, was also accepted by Mr Saul Steinberg, the New York investor whose Reliance Group Holdings will tender its 16.5 per cent stake in Tiger International. Mr Steinberg said two weeks ago that he was considering bidding for full control of the company.

Shares of the Los Angeles-based Tiger leapt $2⅝ to $19⅝ yesterday in early trading following the announcement. They were among the most active issues on the New York Stock Exchange.

Federal Express will make a cash tender offer for all of Tiger's common stock at $20.875 a share.

Mr Frederick Smith, Federal Express's chairman and chief executive officer, said that "the combination of Tiger's international route authorities, highly efficient cargo fleet and strategically located airport facilities, will enable Federal Express to accelerate the development of its global distribution network."

Federal Express expects to operate Flying Tigers, a Tiger subsidiary and the world's largest scheduled all-cargo carrier, as a separate subsidiary until plans are completed for the integration of their respective operations. The merger is expected to be completed during the first half of 1989.

Tiger has also granted Federal Express an option to purchase authorised and unissued stock in the company, amounting to 22 per cent of the outstanding fully diluted shares, at $20.875 per share.

Total hits snag in Saga move

By Karen Fossli in Oslo

AN ATTEMPT by Total Marine Norsk, the Norwegian subsidiary of Paris-based Total-CFP, to boost its shareholding from 5 per cent to 35 per cent in Saga Petroleum, Norway's largest independent oil company, was stranded late on Thursday night during an extraordinary meeting of Saga's general assembly.

Total, however, won support to throw out board proposals for a four-for-one stock split and to increase Saga's share capital by up to 50 per cent by issuing 51m non-voting B shares worth NKr766m ($118.2m) within five years.

Mr Anders Utne, a Saga director, said the company did not have immediate plans to launch a share issue but it was seeking authority to do so within five years.

Shareholders, however, were not given the opportunity to change the company's rules limiting foreign ownership in Saga. A vote was meant to decide if Total's bid was to be accepted, but the proposal to change these rules was withdrawn by Total supporters when it became clear that it lacked the two-thirds majority it needed.

"We withdrew the proposal when we saw it would be blocked," said Mr Rolf Erik Rolfsen, managing director of the Norwegian Total unit.

In October two major Saga shareholders, Aker, the large Norwegian industrial group, and Den norsk Creditbank (DnC), one of Norway's largest banks, agreed to sell for NKr960m their respective 20 and 10 per cent stakes to Total.

The deal, however, first foundered when Saga's board unanimously rejected a proposal to amend its by-laws to boost the ceiling for foreign shareholdings in the company from 40 to 60 per cent.

The proposal was then presented to the general assembly but Mr Otto Grieg Tidemand, the chairman of Saga's corporate assembly, proposed to limit the vote of DnC, Aker and Total to 20 per cent, as one shareholder, versus the 35 per cent stake which they collectively hold. His proposal was accepted amid strong protests.

The three were therefore only allowed to vote *en bloc* because of a clause in Saga's by-laws which also limits a single shareholder's vote to 20 per cent.

Total, Aker and DnC are now expected to seek a judicial ruling on the legality of the limitation put on their vote but Norwegian law specialists say that a ruling could take years.

Nevertheless, the vote was close, despite the limitation put on Total, Aker and DnC.

Mrs Gomez quits after row with Gillette

By George Graham in Paris

WATERMAN PENS, the French pens company, will have to find a new star for its advertisements.

Mrs Francine Gomez, who inherited Waterman from her grandmother and has run the company since 1971 – besides featuring in its publicity campaigns – announced her resignation following a clash with Gillette, the US shaving products group which took control of Waterman in 1986.

"My policy is in complete disagreement with that which the Gillette group has decided to apply from January 1 next year," she said in a statement.

Mrs Gomez, who had hoped the sale to Gillette would open up the US market to Waterman, objected to the sale of the company's pens, which she has always targeted at the top end of the market, through discount retailers. In addition, Gillette is understood to have wanted to remove her from the chairmanship of Waterman's UK subsidiary.

Built around the fountain pen invented by Mr Lewis Waterman in 1884, the Waterman group has expanded to net profits of FFr21m ($3.5m) in 1987 on sales of FFr292m, and ranks second in the fountain pen sector behind Parker of the UK.

Sales on its main domestic market so far this year show a gain of 18 per cent, Mrs Gomez said.

"The 1988 financial year will be the most brilliant in Waterman's history."

The departure of the flamboyant Waterman chairman will be a blow for Gillette, which has already run into difficulties in France this year, when it was ordered by the Government not to close its razor site at Annecy.

Thomson in text book switch

David Owen reports on the Canadian group's change in direction

International Thomson Organisation's conspicuous run of good fortune in the treacherous North Sea came to an abrupt and savage end on July 6.

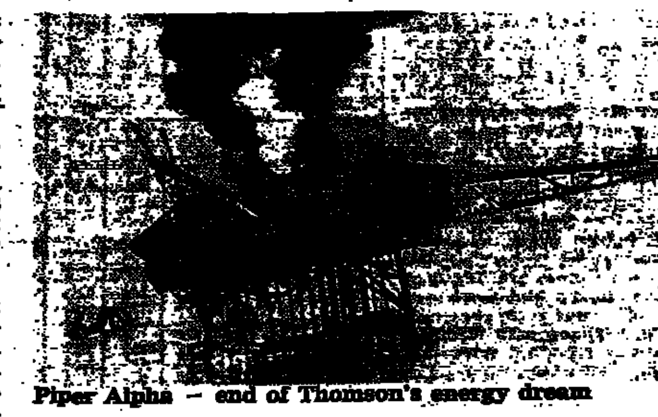
That was the date on which a huge explosion ripped through the Piper Alpha oil platform, killing 167 workers and crippling crude output from the Piper and Claymore fields.

Less than five months later, the group has decided to sell off its remaining energy holdings and turn its back on a business which it entered through a joint venture with Occidental Petroleum, Union Texas and Texaco in 1971. Analysts estimate that the holdings, comprising interests in 39 British blocks, will fetch between £200m ($365.6m) and £300m.

Before the Piper Alpha disaster, the move into energy had appeared uncannily propitious. The Occidental-led consortium discovered the Piper and Claymore fields with respectively its first and second wells drilled. By 1982, Thomson was earning 75 per cent of operating profits from North Sea oil.

The strong cash flow from oil had also fuelled the group's successful and far sighted expansion from 1979 into the US information and publishing industry. The subsequent shift in emphasis which the sell-off will complete was already so far advanced that analysts expect information and publishing to account for 77 per cent of this year's operating profits, with oil and gas contributing just 7 per cent.

The decision to pull the plug, in other words, was not really a surprise: the leopard had already changed most of its spots. It was also widely welcomed, not least because it promises to give an exceptionally sparse central management team one less area to concern themselves with.



Piper Alpha – end of Thomson's energy dream

In the short run the group, which can trace its origins back to Mr Roy Thomson's (the late Lord Thomson of Fleet) decision to buy The Scotsman in 1952, may be content to use the proceeds from the disposal simply to pay down debt. Its long-term debt:equity ratio (taking preference shares as equity) has been treading water for a year at about 0.6:1, a historically high level.

The group is "somewhat more leveraged" than other comparable publishing companies, according to Mr Steven Garmaise, an analyst with First Marathon Securities. However, he adds, this level of indebtedness is "not imprudent by any means."

In the longer run, the money may help to finance further information and publishing acquisitions. The group has made about 60 separate purchases since it expanded into the US market nine years ago.

Among its stable of titles are the Jane's series of defence publications and the American Banker. It also publishes educational text books and a wide range of professional books and periodicals. The group is the largest medical publisher in the world.

Spurred by the division's still strengthening performance – operating margins rose from just over 6 per cent in 1984 to 15 per cent three years later – the group continues to scout for acquisitions. The business, professional and educational marketplace is the preferred target area.

The group is particularly keen on subscription publications containing essential commercial information that the employer pays for, and on educational text books because of the product's typically long working life.

Few believe that the group, which is 74 per cent-owned by Woodbridge – the private holding company of the second Lord Thomson of Fleet – and hence immune from takeover, will fret about the money burning a hole in its pocket, however. Thomson has a reputation for exercising a disciplined approach to acquiring companies.

Meanwhile, the group is investing quite heavily in both its string of UK regional newspapers and its travel business.

Newspaper margins have improved dramatically since the breaking of the unions ushered in the era of direct inputting and reduced manning levels. The group is accordingly in the process of making a substantial and long-deferred capital investment in new printing presses.

In its now wholly UK-based travel division, Thomson is expanding its Lunn Poly chain of retail holiday shops and has ordered eight new aircraft for its Britannia Airways chartered airline. It also recently agreed to pay £75m for rival tour operator Horizon Travel, in a deal which has been referred to the Monopolies and Mergers Commission (MMC).

Further travel company acquisitions are deemed unlikely in the near term, not least because of the MMC referral and the group's failed attempts to expand its horizons beyond the highly package tour-oriented UK market.

It has now abandoned its efforts to promote the package concept in the US. Immediate efforts are likely to focus rather on putting the group's existing business on to a more profitable footing and on bolstering wafer-thin margins in the still highly competitive UK tour market.

Olivetti seeks refund on Norwegian acquisition

By Alan Friedman in Milan

OLIVETTI, the Italian office automation group, is planning to seek the refund of more than half the $70m it paid last April to acquire 51 per cent of Scanvest Ring, the Norwegian distributor of integrated data processing systems.

Olivetti's plan comes amid mounting controversy in Oslo over Scanvest and over Mr Sjur Svaboe, the company's chairman who resigned earlier this week as it emerged that his share dealings are being investigated by Norway's stock exchange authorities.

Mr Vittorio Cassoni, Olivetti's chief executive, said yesterday that the Italian company began re-examining the price it paid to Mr Svaboe and other shareholders for its 51 per cent Scanvest stake after the disclosure of third-quarter 1988 results at Scanvest.

"When a company, in one year, goes from NKr37m ($5.7m) of profits for the first nine months to NKr96m of losses, with revenues the same at around NKr600m, then something needs to be explained," said Mr Cassoni.

The Olivetti chief was referring to Scanvest's loss-making performance in the first nine months of 1988.

"I am very upset," said Mr Cassoni, speaking from Olivetti's headquarters in Ivrea yesterday. "I think I paid an unfair price for what I got and there were clearly misrepresentations made to Olivetti at the time of acquisition." He would not exclude legal action from the options being considered.

Mr Cassoni also softened somewhat Olivetti's stance on the demand from Norway's stock exchange authorities that the Italian company make a public offer to acquire the 49 per cent minority shareholdings held in Scanvest.

Du Pont to buy Hercules carpet fibres business

By Alice Rawsthorn

DU PONT, the largest US chemicals group, is strengthening its presence in the polypropylene carpet fibres market by buying the polypropylene carpet fibres business of Hercules, the US chemicals concern.

Du Pont already dominates the international market for nylon carpet fibre with over a third of global sales. Its flooring systems division provided nearly $2bn of its $30.5bn worldwide turnover last year.

A month ago Du Pont announced plans to expand into the fast growing polypropylene carpet fibres sector, initially in the US and later in Europe.

It has built a plant in the US to produce polypropylene for use in its ProSelect-certified carpets. The group tested its polypropylene carpet fibre this autumn. The plant will move into full-scale commercial production early in the New Year.

Du Pont has agreed to buy the output, orderbook and marketing information of Hercules' polypropylene carpet fibres business for an undisclosed sum. Hercules will continue to produce the fibre exclusively for Du Pont from its plants for three to five years. The addition of the Hercules business will effectively double Du Pont's polypropylene carpet fibre capacity.

After launching polypropylene into the US carpet market, Du Pont intends to introduce it in Europe. In the US the group is directing polypropylene fibres towards the growing market for contract carpets for small offices and businesses.

It plans to run trials for polypropylene carpet fibres in Europe next year. Du Pont is building a European production plant for the fibres which is scheduled to come on stream in the autumn.

Semiconductor business picks up in US

By Louise Kehoe in San Francisco

THE VOLUME of business in the US semiconductor market picked up slightly last month, according to data released yesterday by the Semiconductor Industry Association.

The book-to-bill ratio, an indicator of the industry's health, rose to 0.95 for November, after reaching a three-year low of 0.92 in October.

The book-to-bill figure is the ratio of the volume of semiconductor products sold in the US by US, Japanese and European suppliers, versus the volume of new orders placed.

COMMODITIES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$411.75	-9.00	$480.25	$485.5	$394.75
Silver Per troy oz	333.8p	+2.2	370.05p	457.75p	328.4p
Aluminium 99.7% (cash)	$2510	-55	$2020	$4205	$1915
Copper Grade A (cash)	£1852.5	-131.5	£1617.5	£2004	£1129.5
Lead(cash)	£407	+4	£359.5	£408	£328
Nickel (cash)	$16800	+975	£4470	$22200	£4022.5
Zinc (cash)	$1572.5	+9.5	£469.5	$1672.5	$850
Tin (cash)	£4140	+110	£3815	£4540	£3625
Cocoa Futures (Mar)	£833	-3	£1063	£1182	£722
Coffee Futures (Mar)	£1153	+46	£1241	£1317	£922
Sugar (LDP Raw)	$276	-7	$226	$393	$213.6
Barley Futures (Mar)	£111.35	+0.30	£108.8	£111.35	£97.25
Wheat Futures (Mar)	£114.35	+0.10	£115.1	£115	£103.35
Cotton Outlook A Index	61.95c	+0.55	75.95c	75.3c	54.9c
Wool (645 Super)	633p	+18	484p	675p	484p
Rubber (Spot)	56.00p	-3.25	62.75p	88p	51p
Oil (Brent Blend)	$15.165	+0.265	$16.3	$17.525	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$12.55-2.65w	
Brent Blend	$15.13-5.20q	+0.05
W.T.I. (1 pm est)	$16.55-6.59q	+0.26

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$171-174	
Gas Oil	$152-154	+1.5

COCOA £/tonne

	Close	Previous	High/Low
Dec	797	798	800 791
Mar	833	829	833 820
May	837	834	837 824
Jul	844	838	843 830
Sep	847	840	847 830
Dec	870	863	871 853
Mar	880	872	881 864

Turnover: 3039 (2751) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Dec 15: 1064.45 (1061.32); 10 day average for Dec 16: 1082.90 (1082.19).

US MARKETS

AFTER A heavy decline on Thursday, gold and silver trading was very uneventful, reports Drexel Burnham Lambert. Prices edged slightly higher in both metals. Copper futures fell over 200 but no news was reported. Platinum prices again closed limit down falling to 55,450 in the January. Palladium futures soared higher as the platinum declined. March palladium closed limit up for the day. In the softs, cocoa futures advanced 41 points in March as spec and commission houses were the days best buyers. Sugar futures also gained in featureless activity. Coffee futures rose over 600 points in an active day. Good trade, fund and price-fix buying was seen. The grains all ended the week with higher prices. Volume increased as commercial groups became active. Soybeans posted the largest gain as January closed up 11 cents. Wheat futures were also sharply higher with the March contract closing up 6½. In the meats, live cattle prices were higher as commerical and commission house buying prompted a stronger than expected carcass beef market.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	414.0	412.9	415.2	412.0
Jan	415.4	414.4	0	0
Feb	417.6	416.6	418.5	413.0
Apr	423.1	422.0	424.0	418.2
Jun	428.5	427.5	429.3	423.0
Aug	434.1	433.1	433.7	433.7
Oct	439.7	438.7	439.0	437.5
Dec	445.3	444.3	446.5	441.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	162.70	163.30	162.80	151.00
Jan	143.20	144.30	143.50	142.60
Feb	136.15	137.45	0	0
Mar	129.40	131.70	131.30	127.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	786/4	775/4	786/0	773/0
Mar	799/2	787/2	801/0	784/4

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INTL. COMPANIES

BHP interim profit beats expectations

By Chris Sherwell in Sydney

BROKEN Hill Proprietary (BHP), the steel, minerals and petroleum giant which is Australia's largest company, yesterday reported half-year profits of A$523.8m (US$448.1m) for the six months to November, well ahead of the most optimistic expectations.

The 9.3 per cent improvement on the same period last year was achieved despite a marginal decline in sales to A$5.5bn, which reflected both the impact of a strengthening Australian dollar on export revenues and lower oil prices.

With earnings per share 34 per cent higher at 41 Australian cents and the return on shareholders equity up to 17 per cent from 12.5 per cent, analysts are revising their full-year earnings predictions above the A$1bn mark.

A breakdown of yesterday's figures showed a record performance from the recently modernised steel division, but only a marginal improvement in the contribution from the minerals division and a sharp fall in petroleum earnings.

Steel produced an after-tax operating profit before minorities of A$220m, against A$100m in the same period last year, on a sharp increase in sales. Volumes made by continuous casting rose to 75 per cent of the total steel production, up from 51 per cent.

The minerals division lifted its profit contribution just 6.9 per cent to A$188.5m on a small rise in sales. Improved prices for coal, copper, manganese and ferro alloys helped offset lower iron ore prices and lost iron ore output caused by a major industrial dispute.

Petroleum was hit by the plunge in Australian oil prices, from an average A$27.40 per barrel to A$17.60, and its contribution was down 23.4 per cent to A$148m. High government taxes have made exploitation of the Bass Strait, in which BHP has a 50 per cent share, less economic, but production has been lifted in the Jabiru oil field in the Timor Sea, where BHP also has 50 per cent.

Painting a positive outlook, BHP said healthy order books meant steel would continue to make a strong contribution, while strong demand for coal and iron ore would bring "worthwhile" price rises. It said its longer-term view of petroleum encouraged an ongoing commitment to exploration.

It warned that if the value of the Australian dollar remained high and oil prices low, profits would be reduced. Summer holiday shutdowns would also reduce third-quarter steel deliveries.

"However," it added, "the outlook is for a continuing strong demand for most of our products."

On the Australian share market, BHP shares finished at A$6.82, down from Thursday's close of A$6.92. Its highest level this year was A$8.90.

Advance and Challenge banks consider merger

By Chris Sherwell in Sydney

TWO OF Australia's smaller commercial banks, the Advance Bank and the Challenge Bank, are considering a merger in order to compete with the country's "big four" domestic banks and the various foreign entities now in the market.

The initiative comes from Sydney-based Advance Bank, which converted from a building society and floated its shares in 1986.

An announcement from its directors yesterday said it had proposed the merger in order to create a "strong national retail bank specialising in the housing finance market."

The Perth-based Challenge Bank, which was also a building society before it became a bank, said Advance's offer of A$5 per ordinary share valued it at A$278m (US$238.8m).

Challenge shareholders would gain a large premium over the issue price of its A$1.65 share price when it also went public.

Banking analysts said that if the merger goes ahead, the resulting entity would have combined assets of up to A$9bn, a market capitalisation of around A$550m and a geographical spread across the continent.

Challenge directors are now considering the proposals, which are subject to a minimum acceptance of 90 per cent and federal government approval. Advance is also offering A$5 for Challenge's convertible notes.

Advance already has a 9 per cent stake in Challenge Bank. Two other key shareholders are the ANZ Bank, one of the "big four," with around 7 per cent, and the Bank of New Zealand, also with about 7 per cent.

Bank of New Zealand is also one of Advance's key shareholders, with some 8 per cent. Others include FAI Insurances, now headed by Mr Rodney Adler, which has 10 per cent, and the State Bank of New South Wales, also with 10 per cent.

According to one analyst, if the merged group could make another acquisition, say of one of the banks owned by Australia's state governments, it would be in a realistic position to compete against the big banks.

Pao family interests lift HK Bank venture stakes

By John Elliott in Hong Kong

FAMILY interests associated with Sir Yue-Kong Pao, the Hong Kong ship-owner and entrepreneur, have increased their stakes in two dry bulk and tanker companies as part of a restructuring of the Hongkong and Shanghai Banking Corporation's non-banking investments, which was announced last night.

The Pao interests, which include World-Wide (Shipping), are acquiring from Hongkong Bank a 30 per cent equity holding in World Maritime and 28 per cent in World Shipping and Investment. Both companies are joint ventures between the Pao family and the bank, and they act as holding companies for a number of dry bulk and tanker vessels.

Dr Helmut Sohmen, chairman of World-Wide (Shipping) and Sir YK's son-in-law, said last night that the family was keen to rebuild its fleet after substantial fleet reductions in recent years.

The purchase price was not disclosed. The sale reduces the bank's holdings, which are held by two wholly-owned subsidiaries - Grenville Transportation Holdings and Fort Hall - to 20 per cent in both companies.

The agreement includes call options for these holdings to be sold to the Pao family within one and four years of the current sale.

Hongkong Bank also announced last night that it has agreed in principle that Grenville Transportation will acquire for HK$662.5m (US$84.9m) a 5 per cent stake in Hongkong International Terminals' container terminal operations at Kwai Chung. The other two partners are the Hutchison Group, with 80 per cent, and Orient Overseas, with a 15 per cent stake.

McKechnie offers to buy out minority in NZ unit

By Ray Bashford

McKECHNIE, the UK metals, plastics and consumer goods group, is offering to acquire the minority stake in its publicly quoted New Zealand subsidiary as part of a plan to strengthen operations in the Pacific rim. The offer values the 19.7 per cent minority holding at NZ$22.4m (US$14m) and places a price tag of NZ$3.55 on each share.

McKechnie Pacific operates through companies in Australia and New Zealand which make and distribute industrial and consumer products. Its manufacturing operations are based on aluminium, copper, brass and brass alloys which are inputs for the manufacture, by other companies, of components for industrial and automotive sectors as well as taps and bathroom accessories.

McKechnie Pacific's pre-tax profits were NZ$13.7m on sales of NZ$115.4m for the year to July 31 and net assets at that date were NZ$61.5m. The sales and pre-tax profits figures included a two months contribution from Fluid Control. The outstanding 50 per cent stake of Fluid Control was acquired for £12.4m.

Pacific operations contribute about 17 per cent of group sales and are expected to increase to 20 per cent during overall group expansion in the next three years, according to Mr Michael Ost, chief executive.

"The purchase of the minority holding will help us clear the decks to go forward in the the Pacific rim where we see strong reasons for growth," he said.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fed tightening boosts dollar

THE DOLLAR finished towards the top of the day's range in currency markets yesterday, with the relatively low volume being driven mainly by technical factors. Investors are usually keen to square positions ahead of the weekend, and were even more so yesterday, with the volatile movements associated with this pre-Christmas trading.

Sentiment in Europe was boosted initially by growing speculation that the US discount rate will be increased. However, the firmer tone was dented at one point during the morning, on reports of dollar sales by the West German Bundesbank at DM1.7530. But there was no official intervention at the fixing in Frankfurt, and the US unit resumed its upward path.

US producer prices for November were higher by 0.3 p.c. - much as expected - and this may give the US Federal Reserve Board a little more flexibility in the timing of any possible rise in the discount rate, since producer prices are not showing strong inflationary pressure. On this basis, the Fed may prefer to keep its powder dry, rather than squandering a rise in the discount rate at a time when the dollar is already moving higher. However, a firmer Federal funds rate has left few people in doubt that the authorities have adopted a tighter monetary stance.

The dollar rose to DM1.7660, its best level since the US Presidential elections last month, and up from DM1.7480 on Thursday. Against the yen it moved up to Y124.50 from Y123.35, and finished elsewhere at SFr1.4890 from SFr1.4725 and FFr6.0225 compared with FFr5.9775. On Bank of England figures, the dollar's exchange rate index rose from 93.3 to 94.1.

Sterling opened weaker from its overnight levels but improved quickly to trade around the middle of the day's range for much of the morning. Traders adopted a cautious attitude before the release of UK retail prices for November, but a rise of 0.5 p.c. gave a year-on-year rate of 6.4 p.c., unchanged from the month before.

The lack of any fresh incentive left sterling trading in a narrow range during the afternoon, barely moving against the D-Mark, but losing ground in dollar terms. Its exchange rate index finished at 77.7, unchanged from the opening, but down from a high of 77.9 touched in the morning.

The pound finished at DM3.1975 against the D-Mark from DM3.1950, and Y225.50, the same as Thursday. Elsewhere, it slipped to FFr10.9075 from FFr10.9300, but was higher against the Swiss franc at SFr2.6975 from SFr2.6925. In dollar terms, sterling fell to $1.8110 from $1.8265.

£ IN NEW YORK

Dec.16	Latest	Previous Close
£ Spot	1.8195-1.8205	1.8180-1.8190
1 month	0.52-0.50pm	0.50-0.48pm
3 months	1.46-1.43pm	1.57-1.54pm
12 months	4.25-4.15pm	5.15-5.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Dec.16	Previous
8.30	am	77.7	77.7
9.00	am	77.9	77.7
10.00	am	77.8	77.7
11.00	am	77.8	77.7
Noon		77.8	77.7
1.00	pm	77.7	77.7
2.00	pm	77.8	77.7
3.00	pm	77.8	77.8
4.00	pm	77.7	77.9

CURRENCY RATES

Dec.16	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.744113	0.649616
U.S Dollar	6.50	1.36262	1.18100
Canadian $	8.75	1.64264	1.42547
Austrian Sch.	4	16.6458	14.6267
Belgian Franc	7.75	49.6607	43.5583
Danish Krone	7½	9.15136	8.03022
Deutsche Mark	3½	2.36551	2.07679
Neth.Guilder	4.5	2.67278	2.34405
French Franc	9½	8.09533	7.09959
Italian Lira	12½	1753.64	1532.05
Japanese Yen	2½	167.602	146.858
Norway Krone	8	8.80253	7.70604
Spanish Peseta	-	153.886	134.516
Swedish Krona	8½	8.22205	7.20175
Swiss Franc	3.5	1.99488	1.75084
Greek Drach.	20½	197.171	172.910
Irish Punt	-	0.885336	0.776617

*All SDR rates are for Dec.15

CURRENCY MOVEMENTS

Dec.16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.7	-14.6
U.S Dollar	94.1	-13.8
Canadian Dollar	83.9	-2.8
Austrian Schilling	135.7	+10.1
Belgian Franc	98.6	-5.7
Danish Krone	89.4	-0.1
Deutsche Mark	145.6	+21.7
Swiss Franc	167.9	+20.1
Guilder	133.9	+13.8
French Franc	69.1	-15.3
Lira	45.8	-20.2
Yen	250.6	+86.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)**Rates are for Dec.15.

OTHER CURRENCIES

[illegible]	[illegible]	[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8110	1.8063	1.7960	1.7812	1.7600
D-mark	3.1975	3.1777	3.1418	3.0872	2.9949
French Fr.	10.908	10.904	10.897	10.886	10.869
Swiss Fr.	2.6975	2.6807	2.6472	2.5969	2.5097
Yen	225.50	223.91	220.85	216.50	209.03

POUND SPOT- FORWARD AGAINST THE POUND

Dec.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8105-1.8275	1.8105-1.8115	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 67.25-67.35. Six-month forward dollar 3.01-2.96cpm 12 months 5.15-5.05cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8105-1.8275	1.8105-1.8115	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec.16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5583	+2.59	+0.84	±1.5344
Danish Krone	7.85212	8.03022	+2.27	+0.52	±1.6404
German D-Mark	2.05853	2.07679	+0.89	-0.86	±1.0981
French Franc	6.90403	7.09959	+2.83	+1.08	±1.3674
Dutch Guilder	2.31943	2.34405	+1.06	-0.69	±1.5012
Irish Punt	0.768411	0.776617	+1.07	-0.68	±1.6684
Italian Lira	1483.58	1532.05	+3.27	+2.22	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Dec.16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Pause for breath

HIGHER RATES in Switzerland, Belgium and the Netherlands virtually completed the recent rise in European interest rates yesterday. Institutional investors took a pause for breath, because although higher rates will serve to contain excessive consumer demand, any benefit to the weaker members of the EMS and their performance against the D-Mark may well have been cancelled out by a rise in West German rates.

However, pressure on such currencies as the French franc may just be containable, but only as long as the dollar's strength depresses the D-Mark.

Interest rates in London were a shade softer, with the key three-month interbank rate easing to 13⅛-13 p.c. compared with 13¼-13⅛ p.c.

The Bank of England forecast a shortage of around £650m, later revised to £600m and then £550m. The Bank gave assistance in the morning of £29m through purchases of £9m of eligible bank bills in band 3 at 12⅝ p.c. and £20m in band 4 at 12⅝ p.c. Additional help of £349m was provided, made up of £332m of eligible bank bills in band 1 at 12⅞ p.c., £15m in band 3 and £2m in band 4, at unchanged rates. Late help came to £325m, making a total of £703m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.16) 3 months US dollars		6 months US Dollars	
bid 9⅝	offer 9¾	bid 9⅝	offer 9¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed.funds	[illegible]	Three month	[illegible]
Fed.funds at intervention	[illegible]	Six month	[illegible]

Dec.16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Dec.16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] p.c.; three months [illegible] p.c.; Treasury Bills: Average tender rate of discount 12.[illegible] p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1988. Agreed rates for period December 26, 1988 to January 26, 1989, Scheme I: [illegible] p.c. Schemes II & III: [illegible] p.c. Reference rate for period November 1, 1988 to November 30, 1988, Scheme IV&V: [illegible] p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate [illegible] p.c. from December 1, 1988; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls	Puts
[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX

	Latest	High	Low	Prev.
Mar	278.50	278.80	278.05	277.70
Jun	281.50	281.50	-	280.60
Sep	283.80	283.80	-	283.10

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8110	1.8063	1.7960	1.7812	1.7600

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.8200	1.8240	1.8164	1.8184
Mar	1.8054	1.8104	1.8034	1.8046
Jun	1.7920	1.7920	1.7884	1.7896

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

LONDON TRADED OPTIONS

Option		CALLS Jan	CALLS Apr	CALLS Jul	PUTS Jan	PUTS Apr	PUTS Jul
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Feb	CALLS May	CALLS Aug	PUTS Feb	PUTS May	PUTS Aug
Plessey (*216)	200	25	32	36	5½	9	11
	220	13	21	24	14	18	21
Prudential (*152)	140	17	20	21	3	5	5
	160	5	7	9	12	15	16
	180	1	3	-	30	32	-
Racal (*262)	260	17	27	29	11	16	22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 16 Total Contracts 36,731 Calls 24,149 Puts 12,582
FT-SE Index Calls 805 Puts 1650
*Underlying security price.

WORLD STOCK MARKETS

NEW YORK (3 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

CANADA (3 pm)

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INDICES

NEW YORK DOW JONES

	Dec 15	Dec 14	Dec 13	Dec 12	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2133.00	2134.25	2143.49	2139.58	2183.50 (21/10)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.59	89.02	89.27	89.37	91.25 (3/3)	86.12 (4/1)	—	—
Transport	954.76	948.88	946.17	947.23	954.76 (15/12)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	183.38	184.45	184.98	185.46	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2146.87 (2149.72) Low 2120.91 (2121.44)

STANDARD AND POOR'S	Dec 15	Dec 14	Dec 13	Dec 12	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite ‡	274.28	275.31	276.31	276.52	282.88 (20/10)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	316.24	317.41	318.42	318.43	327.53 (24/10)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	24.62	24.72	25.01	25.13	26.42 (20/10)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	154.17	154.72	155.24	155.34	159.01 (20/10)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	294.31	295.00	295.82	296.67	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	373.01	372.77	372.98	374.20	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Dec 9	Dec 2	Nov 25	year ago (approx.)
Dow Industrial Div. Yield	3.71	79	3.82	3.69
	Dec 14	Dec 7	Nov 30	year ago (approx.)
S & P Industrial div. yield	3.22	3.15	3.21	3.31
S & P Indl. P/E ratio	12.73	12.80	12.64	16.39

TRADING ACTIVITY † Volume Millions

	Dec 15	Dec 14	Dec 13
New York	136.820	132.390	132.340
Amex	10.450	9.034	8.490
OTC	111.616	117.740	114.141

NEW YORK	Dec 15	Dec 14	Dec 13
Issues Traded	1,938	1,943	1,979
Rises	537	633	540
Falls	867	755	863
Unchanged	534	555	576
New Highs	13	19	18
New Lows	46	41	38

CANADA

TORONTO	Dec 15	Dec 14	Dec 13	Dec 12	1988 High	1988 Low
Metals & Minerals	3019.6	2979.5	2980.9	3006.1	3226.5 (5/7)	2238.7 (8/2)
Composite	3284.0	3289.9	3295.8	3295.2	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1644.03	1638.14	1645.58	1644.34	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Inco	9,375,900	33¾	+ ⅞	General Electric	1,258,200	44⅝	– ¼
First Fidelity	2,391,400	27⅞	+ ⅞	Exxon	1,232,300	45	—
USF&G	1,887,500	29⅝	– ¼	Advanced Micro	1,184,600	8¼	+ ¼
Tiger International	1,410,500	16⅞	+ 2¼	RJR Nabisco	1,179,800	89⅞	– ¼
Interco WI	1,285,800	3	+ ⅛	Texas Instruments	1,179,400	38⅞	+ 1¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 16	Dec. 15	Dec. 14	Dec. 13	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1447.3	1463.3	1457.7	1457.5	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	653.8	665.0	662.9	665.0	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	217.9	218.3	219.3	219.1	225.48 (4/11)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5406.6	5404.0	5407.2	5405.7	5414.50 (12/12)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	255.42	254.49	254.29	255.23	261.07 (6/12)	180.68 (4/1)
FINLAND						
Unitas General (1975)	727.0	729.2	730.6	733.0	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	393.4	393.0	394.7	395.8	397.2 (9/11)	251.3 (29/1)
Ind. Tendance (31/12/87)	150.5	150.2	151.6	152.2	153.4 (4/11)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	536.57	530.88	535.58	533.5	542.21 (27/10)	396.40 (29/1)
Commerzbank (1/12/53)	1610.6	1592.1	1607.7	1600.3	1641.6 (27/10)	1207.9 (29/1)
DAX (30/12/87)	1296.31	1285.33	1286.61	1290.63	1314.98 (28/10)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2629.16	2627.22	2642.08	2651.92	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	573.41	570.37	569.27	572.31	593.43 (9/11)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	29536.71	29705.75	29754.73	29597.81	30050.82 (7/12)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2279.36	2297.36	2301.68	2292.24	2314.20 (7/12)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	280.2	278.1	277.1	278.6	285.8 (26/10)	205.7 (4/1)
ANP-CBS Industrial (1970)	246.3	245.7	245.0	246.1	252.6 (31/10)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	441.44	440.44	440.35	441.14	441.44 (16/12)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1002.55	1003.32	1001.30	1002.51	1177.87 (8/8)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(c)	1319.0	1319.0	1336.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	(c)	1905.0	1902.0	1901.0	1906.0 (12/12)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	277.50	277.23	277.43	277.70	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3378.5	3351.3	3345.4	3344.3	3351.3 (15/12)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	582.4	583.1	588.0	590.3	591.6 (12/12)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	487.7	489.9	488.2	493.8 (6/12)	401.0 (21/1)

**Saturday Dec. 10: Japan Nikkei (c) and TSE (c)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow drifts higher amid caution over rates

Wall Street

US financial markets remained on hold yesterday in case the Federal Reserve Board decided to raise its discount rate, *writes Roderick Oram in New York.*

Stocks and bonds drifted higher as the prospect of central bank action to boost interest rates began to fade a little.

In contrast, the dollar remained firm with foreign exchange markets still believing rate increases were likely.

The Treasury's benchmark 30-year bond gained some ⅛ of a point to 99⅝ yielding 9.04 per cent.

The Fed Funds rate stayed firm at 8¾ per cent, which was taken as concrete evidence that the central bank had at least tightened the key rate a little, even if it was going to stop short of a discount rate increase in its efforts to slow down the economy a little.

A key measure of inflation, the producer price index, rose 0.3 per cent in November, in line with forecasts. The moderate rise helped ease fears that strong growth would push upinflation and added to some investors' belief that the Fed would hold back from an immediate discount rate increase.

At 2pm the Dow Jones Industrial Average was up 10.21 points at 2,143.21, holding the tiny gain from the start of trading.

Broader indices showed similar minor improvement.

New York Stock Exchange volume was quite heavy for a session stymied by unresolved monetary policy questions. Trading of some 140m shares by early afternoon was largely linked to yesterday's "triple witching" expiry of three futures and options contracts. About 83.8m shares were traded in the first hour, the eighth highest volume ever.

Among the blue chips, IBM added $⅝ to $121⅝, General Motors edged up $⅛ to $85⅝, Exxon rose $⅜ to $45⅝, McDonald's was unchanged at $47⅜ and AT&T edged up $⅛ to $29½.

Tiger International jumped $2½ to $19⅝ after its board accepted a $20¼ a share offer from Federal Express. Mr Saul Steinberg, the New York investor, said he would tender his 16.5 per cent stake in the air cargo company after saying earlier he might seek all of its shares.

The acquisition will substantially increase the international network of Federal Express whose share slipped $⅛ to $46⅝ on news of the $850m takeover.

Pillsbury added $¼ to $62⅜ after a Minneapolis judge temporarily prevented it spinning off its Burger King hamburger chain, a key element of its defence against a $63 a share takeover offer from Grand Metropolitan of the UK. The judge did not rule, however, on the validity of Pillsbury's poison pill. A more crucial ruling on the same subject is expected shortly from a Delaware court.

Caesars World gained $1⅛ to $31⅝ on news Mr Stephen Wynn, chairman of Golden Nugget, a rival casino group, had increased his stake to 6.4 per cent from 4.9 per cent.

Market players speculated he might join Mr Donald Trump in making a bid for the company. Mr Trump, a New York investor and casino operator, has recently filed for regulatory approval to buy up to 15 per cent of Caesars World.

Inco added $⅜ to $24⅛ and was the most active New York Stock Exchange issue with more than 4m shares traded by early afternoon. The nickel producers' stock went ex-dividend for a US$10 payout, part of a new poison pill defence.

Universal Foods added $1½ to $35⅝. High Voltage Engineering, a vehicle of Hyde Park partners, a leveraged buyout specialist, increased its offer for Universal to $35 a share from $30⅝.

It added that it might improve its offer further if Universal gave financial information showing it was worth more.

Canada

RISES by gold and energy stocks lifted Toronto at midsession in narrowly mixed trading. The composite index added 7.5 to 3,291.5.

Worries about higher interest rates did not evaporate, however, and turnover was light at 8.7m shares.

Declines outnumbered advances by 233 to 219.

Inco, trading ex dividend, dropped C$11⅞ to C$28⅝. The company is to pay a special US$10-a-share dividend in January.

Noranda, whose Noranda Minerals division said on Thursday that one of itscopper mines in Quebec would resume production in the first quarter of 1989, slipped C$⅛ to C$22¼.

In golds, Lac Minerals firmed C$⅛ to C$11⅞.

Blue chips Seagram rose C$⅛ to C$72⅝ and BCE Inc was flat at C$37⅝.

German company news keeps investors on toes

AS WEST Germany prepares to enter its seventh straight year of growth, investors are pondering the economy's strong and weak spots for indications as to where prices could go in the next 12 months.

They have been given plenty of material in the past few weeks, ranging from the positive to the indifferent, with the odd piece of bad news to blur the vision of those peering beyond the glare of Germany's New Year's Eve fireworks. Some of the country's most solid companies have reported excellent results, but a few shaky concerns have had their weaknesses mercilessly exposed.

While growth is continuing, its pace is slowing. Next year's expansion, economists agree, will be a lot less robust than the 3.5 per cent of 1988. A year ago, with the business and financial world still quaking from the world stock market crash, pessimism was the order of the day. However, the German economy was given a kick-start by the effects of an unusually mild winter and propelled higher by low oil prices, a weaker D-Mark and an international capital goods boom.

The effect of all this has been to give the German market more poise than might have been expected. However, there has been nothing like a sustained and wholehearted rally. As measured by the FAZ index, the market is up by about a quarter on the year and is currently firming in what Mr Adrian Brundrett, an analyst with Citibank AG in Frankfurt, terms "a sort of mild upward trend."

Back in late October, the index briefly topped 540 but failed to push above 550. On the bullish side have been the profit advances reported by established engineering names such as MAN and Mannesmann. Chemical companies have also produced stronger results, though their shares have not performed accordingly. Interest in the banking sector has been stirred by the move, led by Deutsche Bank, into a wide range of financial services with an eye on the sharper competition likely to emerge up to 1992.

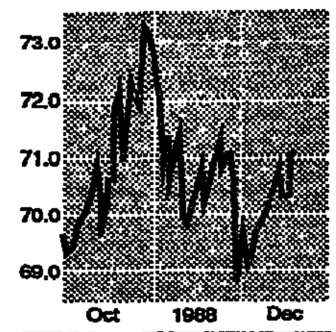
Dampening influences on the market, however, are the belief that economic growth will slacken next year to between 2 and 2.5 per cent, the expectation that companies like Daimler-Benz will tap investors for large chunks of new equity and the awareness that private consumption is slowing. Shops and stores report less buoyant pre-Christmas trading this month, while individuals will not benefit from a tax cut this year, as they did in 1987.

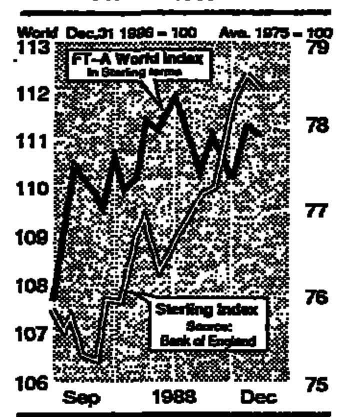
New taxes on consumption to finance the Federal budget deficit will add to inflation. Concern by the Bundesbank, the central bank, at what it sees as the slowly rising flames of inflation prompted a slight increase in interest rates this week and a warning that the monetary screw would be tightened ever so slightly to prevent the flames flaring up.

At less than 2 per cent, inflation is not at a level that would bother most countries. In stability-minded Germany, however, concern over prices starts at a much lower threshold. The interest rate rises – the Lombard rate was lifted by half a point to 5.5 per cent – came as no surprise to the market, which rose yesterday led by a sharp rise in Siemens, the electrical and electronics giant.

W Germany

FT-A World index in £ terms





Siemens' efforts to expand internationally – this week it announced a series of ventures with IBM in telecommunications – are perceived by investors as evidence of a desire to use its high cash resources and industrial muscle to become more of a force in its key markets, though the actual benefits to profits will be some way off. The group upset the market a year ago by cutting its dividend; this year, it is holding its payment steady.

Junior to Siemens in both size and years, Nixdorf Computer was long regarded as the German glamour stock par excellence. But the years of growth have given way to stagnating markets, fierce competition and a need both to cut costs and find new areas of opportunity. It remains to be seen how the company will fight its way out of the mess. Mr Heinz Nixdorf, the late founder, was adept at anticipating market trends, notes Mr Brundrett.

Thus for 1988, he is looking for earnings of only DM90m after DM264m the year before. Nixdorf has already been forced to admit that its DM10 dividend of 1987 will be reduced this year. Mr Brundrett reckons the cut could be deep enough to produce only DM4 a share.

"Nixdorf was one of those companies that only believed in growth and reacted too late," says Mr Werner Wanke, securities department head at Metzler, a Frankfurt bank. Siemens, on the other hand, streamlined its unwieldy range of activities a few years ago.

For some big investors, Siemens has become the favoured industrial blue chip rather than Daimler, which is experiencing a drop in car sales and is preparing to expand into the complex aerospace industry through a stake in Messerschmitt-Boelkow-Blohm. Just how Daimler copes with the absorption of MBB, assuming the purchase goes through, is a subject to keep investors alert well into the next decade.

Andrew Fisher

EUROPE

Speculation pushes Sweden to record high

THE WEEK ended in lively fashion in Europe yesterday, with Stockholm at an all-time peak and Amsterdam at a 1988 high. Frankfurt was also buoyant, *writes Our Markets Staff.*

STOCKHOLM rose to an all-time high, as speculation buoyed demand in a market already underpinned by good fundamentals.

The Affärsvärlden index climbed 7.7 to 1,005.2, surpassing the previous record of 997.6, reached on October 7 last year. Sentiment was also buoyed by the festive mood at the stock exchange, which held its Christmas lunch yesterday. Volumes were very low, however.

Overnight demand from the US for Volvo led to further foreign buying yesterday, particularly from the UK, and the company's B shares rose SKr3 to SKr377. One analyst said investors were speculating what Trelleborg would do with its very high liquid assets – estimated at about SKr8bn – and that Volvo was being mooted as a possible bid target. Trelleborg B frees climbed SKr2 to SKr288.

FRANKFURT surged ahead in morning trading, led by gains in Siemens, taking the FAZ index to within 4 points of its 1988 high. However, profit-taking then took the steam out of the rise. Turnover picked up sharply to DM3.7bn worth of domestic shares.

The FAZ index at midsession was up 5.69 at 536.57 and the DAX closed 10.98 higher at 1,296.31. "The market was going like a train up to midday, then suddenly it went into reverse," said one analyst.

The rise baffled some analysts, as confirmation that Daimler was planning a large capital increase in the second half of next year might have been expected to dampen sentiment.

Instead, the DM16 climb by Siemens to DM519, together with a belief that Thursday's Lombard rate rise would hold interest rates steady for now, spurred the market higher. Deutsche Bank was reported to have been processing a large buy order for Siemens through London and New York as well as the German market, and there was interest from UK, US and German institutions. Siemens' joint ventures with IBM, and its takeover bid with GEC for Plessey of the UK, have excited interest in the stock.

Daimler fell DM4 to DM728.50 following news of the capital increase, which comes in the wake of its takeover of AEG and as the company plans to take a stake in MBB. Some analysts argue that the company is cash-rich enough not to need a rights issue for the acquisitions.

AMSTERDAM closed at a high for the year, buoyed by a rise in the dollar, economic optimism and the expiry of options in international stocks in New York. The CBS all-share index gained 1.1 to 102.6 in lively volume, estimated by one house at between Fl 550m and Fl 600m worth of shares.

Royal Dutch/Shell gained Fl 2.40 to Fl 229.20 on a US buy recommendation and the imminent expiry of options in New York's "triple witching hour."

Pakhoed added Fl 3.10 to Fl 101.80 and fellow storage company Internatio Mueller rose Fl 5 to Fl 71, helped by interest from the UK and brokers' recommendations. There was a rumour that Holland America Lines might spend the cash raised in its sale of its cruise business to bid for Pakhoed, but one analyst said this should be treated with caution.

PARIS ended higher as bargain hunters came to the rescue in late trading after a weak opening. There was concern in the market that interest rates might rise again after Wednesday's increase, but the stability of the franc over the session provided some relief.

The CAC index added 0.4 to 393.4 and the OMF index rose 1.49 to 408.64. Special situations of note were similar to those seen on Thursday. Among retailers, Galeries Lafayette added FFr61, or 5.5 per cent, to FFr1,162 after dropping by 9 per cent on Thursday. However, Nouvelles Galeries continued to suffer from reports of lower Christmas sales resulting from the transport strike, ending FFr11 lower at FFr597.

Institut Merieux rose FFr110 to FFr6,200, having been at a new high for the year of FFr6,230 at one stage, on buying boosted by reports of demand for a flu vaccine.

MILAN picked up in slightly better volume, with the banking sector active on rumours that BCI, up L109 at L3,110, might be expanding into Germany or France. The Comit index gained 3.04 to 573.41.

Olivetti gained L130 to L9,080, with some talk of support from the De Benedetti group; the company plans to seek a refund of more than half the $70m it paid last April for 51 per cent of Norway's Scanvest Ring.

ZURICH ended little changed, apparently taking in its stride news that the Swiss National Bank was raising its discount and Lombard rates by ½ point each. The Crédit Suisse index eased 0.2 to 505.1.

BRUSSELS ended almost unchanged in dull trading after its second interest rate increase in three days. The cash index added 4.6 to 5,406.6.

MADRID edged higher on renewed foreign and institutional demand with the general index climbing 0.27 to 277.50.

VIENNA announced that from the start of next year it would allow domestic stock prices to move by up to 10 per cent a day, compared with the 5 per cent limit at present. Foreign stocks already have a 10 per cent limit. Share prices eased yesterday

● **Johannesburg** was closed for a national holiday.

ASIA PACIFIC

Worry about Emperor hits Nikkei

Tokyo

A WAVE of nervousness swept through the market as rumours spread that the condition of the ailing Emperor had once again taken a critical turn for the worse. Prices nosedived but were later able to recover a large part of their losses, *writes Michiyo Nakamoto in Tokyo.*

Shares dropped sharply in the morning session following talk that the Imperial Household Agency had scheduled an emergency press conference, which was taken to mean that Emperor Hirohito was in a very critical condition. At the morning close, the Nikkei average had dropped 413.54 points to 29,292.21. Later bargain-hunting, however, enabled the index to recover much of the ground and to close 169.04 lower at 29,536.71.

The Nikkei reached a high of 29,727.18 and hit a low of 29,292.21 during the session. Declines far outnumbered gains by 636 to 270 while 158 issues were unchanged. The Topix index of all listed shares fell 18 points to 2,279.36.

Volume was only slightly higher at 819m shares compared with the 801m on Thursday. In London, the ISE/Nikkei 50 index was up 2.14 at 1,885.63.

Trading in Tokyo has been rather uninspired for the last few days and the interest rate rises in European countries gave the market little cheer. The likelihood of an increase in the US discount rate hung over the market, as did the yen's beating on the foreign exchange market yesterday, where it fell from Y123.90 at 9 am to Y124.40 before noon. Governor Sumita of the Bank of Japan had suggested that the Bank was prepared to tighten monetary policy if inflationary pressures increased.

All it took was speculation about the Emperor's condition to trigger a sharp decline in bonds and equities alike.

Pharmaceuticals, which have attracted occasional buying as laggards, were selected. Yamanouchi rose Y50 to Y4,320 and Sankyo and Takeda each firmed Y20 to Y2,690 and Y2,260 respectively.

Electricals gained on the strength of the dollar. Sony was actively sought and climbed to Y7,150 during the day, closing up Y50 at Y7,080. Expectations that companies with good results would lead the market in the new year added to Sony's popularity.

Large volume issues and recent market favourites fared poorly. Mitsui Engineering, most actively traded at 49.4m shares, lost Y26 to Y795.

In Osaka investors turned negative on fears of higher interest rates and the OSE average lost 252.78 to 27,762.77. Volume slipped to 80.9m from the 81.5m on Thursday.

Roundup

THERE was little corporate news to help Asia Pacific markets tick over. Interest rate worries dampened sentiment, while Australia suffered from the latest trade figures.

AUSTRALIA was knocked by worse than expected trade deficit figures and ended lower after a steady opening. The All Ordinaries index lost 16.1 to 1,447.1 and turnover stood at A$142m in value.

The November trade deficit came in at A$1.55bn against expectations of between A$900m and A$1bn. The sharp morning fall in Tokyo also hit sentiment.

HONG KONG drifted lower after a strong opening, as interest rate worries took hold. The Hang Seng Index added 1.94 to 2,629.16 and volumes rose to HK$611m from HK$512m.

SINGAPORE had another lacklustre session, affected also by concern over the direction of global interest rates. The Straits Times Industrial Index eased 0.77 to 1,002.55 and turnover fell to 12.6m shares from 13.7m on Thursday.

TAIWAN shares plunged to their lowest level since July 21 in heavy selling pressure brought on by a general loss of confidence in the market. The weighted index fell 274.01 to 5,509.41. The new capital gains tax on shares is due to come into effect at the beginning of next year.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 15 1988					WEDNESDAY DECEMBER 14 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (90)	143.06	+0.6	116.00	111.18	4.82	142.16	115.17	110.67	152.31	91.16	97.41
Austria (18)	97.44	-0.6	79.01	88.30	2.79	98.04	79.43	88.40	100.00	83.72	96.98
Belgium (63)	133.82	-0.3	108.50	121.28	4.17	134.20	108.72	121.45	139.89	99.14	96.14
Canada (125)	120.08	-0.5	97.36	104.82	3.42	120.65	97.74	104.88	128.91	107.06	108.13
Denmark (39)	154.38	-0.5	125.17	141.67	2.14	155.22	125.75	141.55	159.19	111.42	114.64
Finland (26)	133.10	-0.3	107.92	115.00	1.46	133.44	108.11	114.79	139.83	106.78	–
France (130)	109.55	-1.4	88.82	102.72	3.16	111.11	90.01	103.53	112.34	72.77	86.00
West Germany (102)	86.30	-1.5	69.98	78.43	2.38	87.65	71.01	79.15	88.26	67.78	77.63
Hong Kong (46)	108.90	-0.5	88.30	109.15	4.73	109.42	88.65	109.69	111.86	84.90	83.07
Ireland (18)	132.20	+0.8	107.19	121.35	4.15	131.13	106.24	120.06	144.25	104.60	103.55
Italy (98)	83.34	-0.4	67.58	80.48	2.51	83.67	67.79	80.27	86.73	62.99	79.38
Japan (456)	188.67	-0.7	152.98	147.11	0.51	189.99	153.92	147.35	190.93	133.61	145.72
Malaysia (36)	141.68	-0.1	114.88	146.68	2.89	141.86	114.93	146.78	154.17	107.83	104.13
Mexico (13)	169.34	-1.8	137.31	422.60	1.21	172.45	139.71	430.37	182.24	90.07	108.67
Netherland (38)	110.20	+0.1	89.36	99.29	4.97	110.13	89.23	98.60	111.00	95.23	96.42
New Zealand (25)	64.32	+1.6	52.15	54.88	7.19	63.32	51.30	54.12	84.05	63.32	75.32
Norway (25)	133.44	-0.2	108.19	117.41	2.47	133.70	108.32	117.32	133.70	98.55	97.67
Singapore (26)	119.88	+0.0	97.20	107.15	2.53	119.93	97.16	107.08	135.89	97.99	90.20
South Africa (60)	120.42	+0.8	97.64	98.39	4.69	119.50	96.81	98.57	139.07	98.26	139.37
Spain (42)	149.09	-0.7	120.89	128.25	3.19	150.12	121.62	128.28	164.47	130.73	130.19
Sweden (35)	143.46	-0.6	116.32	128.59	2.22	144.36	116.96	128.82	144.36	96.92	97.66
Switzerland (57)	77.12	-1.4	62.53	70.40	2.41	78.19	63.34	71.01	86.75	74.13	81.21
United Kingdom (316)	134.04	+0.4	108.68	108.68	4.94	133.55	108.19	108.19	141.51	120.66	128.32
USA (576)	111.75	-0.3	90.61	111.75	3.68	112.13	90.85	112.13	115.55	99.19	98.99
Europe (1007)	112.75	-0.4	91.42	97.66	3.84	113.19	91.70	97.68	116.61	97.01	102.44
Pacific Basin (679)	183.53	-0.6	148.81	143.98	0.73	184.72	149.65	144.20	185.81	130.81	141.46
Euro-Pacific (1686)	155.19	-0.6	125.83	125.63	1.65	156.08	126.45	125.77	158.08	120.36	125.89
North America (701)	112.18	-0.4	90.96	111.34	3.67	112.57	91.20	111.70	116.07	99.78	99.47
Europe Ex. UK (691)	99.26	-1.0	80.49	91.04	2.99	100.22	81.20	91.39	101.29	80.27	86.39
Pacific Ex. Japan (223)	122.24	+0.3	99.12	104.57	4.74	121.88	98.74	104.37	128.27	87.51	89.95
World Ex. US (1884)	153.63	-0.6	124.57	124.80	1.72	154.49	125.16	124.94	156.39	120.26	125.41
World Ex. UK (2144)	137.90	-0.6	111.81	121.58	2.06	138.69	112.36	121.88	139.61	111.77	113.90
World Ex. So. Af. (2400)	137.65	-0.5	111.61	120.49	2.30	138.34	112.07	120.71	139.52	113.26	115.02
World Ex. Japan (2004)	112.93	-0.3	91.57	106.27	3.79	113.30	91.79	106.47	115.54	100.00	100.55
The World Index (2460)	137.54	-0.5	111.52	120.34	2.31	138.22	111.98	120.56	139.43	113.37	115.18

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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South African market closed December 16.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

British Funds, etc
No. of bargains included 2670

Treasury 8½% Stk 1994 "A" – £90.585938 .585938 ⅛ ⅛ .601563 ¼ .632813 ⅛ .695313 ⅛ ⅛ ⅛ 1 1

Corporation and County Stocks
No. of bargains included 3

London County 2½% Cons Stk 1920(or after) – £19 (13De88)

Bulmer(H.P.)Hldgs PLC 8¾% Cum Prf £1 – 97 (12De88)
8¾% 2nd Cum Prf £1 – 97
Eldridge,Pope & Co PLC 4% 1st Mtg Deb Stk Red – £33
Greenall Whitley PLC "A" Ord 5p – 240 (13De88)
8% Cum Prf £1 – 100
7% Irrd Uns Ln Stk – £60
8¾% Irrd Uns Ln Stk – £73½
Hardys & Hansons PLC Ord 25p – 810 20 (14De88)
5% 1st Cum Prf £1 – 47 (9De88)

Handsworth Trust PLC 7% Cum Cnv Red Prf £1 – 95
Safeland PLC Ord 5p – 62 (13De88)
Savage Group PLC 8.5% (Net) Cum Red Cnv Prf £1 – 97 (14De88)
Splash Products PLC Ord 10p – 52 (13De88)
Thorpac Group PLC 8p Cnv Red Ptg Prf 2001/05 50p – 75 80 1
Total Systems PLC Ord 5p – 52¾ 7
UTC Group PLC New 4.38% (Net) Red Cnv Prf 1998 £1 – 55 60
Ventura Plant Group PLC Ord 5p – 93 4 5
Vistec Group PLC Ord 10p – 16 ½
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 – 119
Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 – £65 9 (13De88)
York Trust Group PLC Red Cum Cnv Prf 20p – 75 7 (9De88)

The Third Market Appendix
No. of bargains included 68

Beckenham Group PLC Warrants to sub for Ord – 27
9% Red Cum Prf £1 – 99
Edinburgh Hibernian PLC Ord 2p – 64 (13De88)
Haemocell PLC Ord 1p – 143 4 5 6 7 9
Ivernia West PLC Ord Ir£0.10 – I£0.17 (14De88)
Kromagraphic PLC Ord 5p – 18
Wilton Group PLC "A" Ord 1p – 4¾ ½ 5

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$1.699 (14.12)
Associated Manganese Mines of SA $53 (9.12)
Aust. Development A$1.944 (14.12)

Regent Mining 3.A$0 082
Selangor Coconuts 38.M$2 1 (14 12)
Sky Line Explortn C$8.47 (14 12)
Target Petroleum Ord 11 (12 12)
United Overseas Land S$1.332 (9 12)
Valiant Consolidated A$0 09 (9 12)
Victoria Petroleum 2¼.A$0 049 (13 12)
Vulcan Minerals A$0.458 (13 12)
Whitehall Corp $11¼♦11¼♦11¼♦ (13 12)

RULE 535 (2)
Bargains in securities incorporated in the UK & Republic of Ireland but not listed on any exchange

African Gold 6 (13.12)
Appleton Holdings 13 (7.12)
Anglo American Agriculture 40.5 (14.12)
Bardon Group 166.2
Berwick Group 30.2 (13.12)
Carraun 100
Croxley Group 25 (8.12)
Dolphin International 35 (13 12)
Emerald Energy 05.1 (8 12)
Equity Capital For Industry 155 (9.12)
Europian Holdings 43.43.7 (13.12)
Falmouth Hotel £31 (14.12)
Finance Land & General Hldgs 13.5 (14.12)
Fredericks Place Hldgs 7 (15.12)
Guernsey Prets 223 (9 12)
Jersey Gas 41.5 (13 12)
Le Riches Stores (5% Pfr Shs) 40
Le Riches Stores 388 (13.12)
Mid-Kent Water £320% (9.12)
Newbury Racecourse £4000 (12.12)
Rangers FC £26
Severn Valley Railway 60 (13 12)
Seymours 50
Shepherd Neame 630 (13.12)
Silver Bear 16.7 (14.12)
Southern Newspapers 270.3 (14.12)
Stead and Simpson £38%
Transatlantic Hldgs (Prf Ord) 354 (14 12)
Thwaites 225.6 (9 12)
Weetabix A 415 (13 12)
Yale Brothers Wine Lodges 165 (9.12)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Inflation data helps equity sectors

Account Dealing Dates			
First Dealings:	Nov 28	Dec 12	Dec 28
Option Declarations:	Dec 8	Dec 22	Jan 12
Last Dealings:	Dec 9	Dec 23	Jan 13
Account Day:	Dec 19	Jan 9	Jan 23

"New time dealings may take place from 8.00 am two business days earlier.

THE LONDON securities markets ended the last full trading week before Christmas in good form, with economic data from both sides of the Atlantic continuing to find a favourable reception. Turnover in equities remained thin, but retail customers appeared in the Gilts market.

The November Retail Price Index disclosed an annual inflation rate of 6.4 per cent in the UK, unchanged from the previous month, and inside most market predictions. Later, statistics on US producer prices, housing starts and capacity utilisation softened worries over US inflation and eased apprehensions of an early rise in the Federal discount rate.

The first week of the equity trading Account, which closes at midday on Christmas Eve, has brought a gradual recovery in a market upset by signs of a shakeout in stock market trading firms. While share volumes have melted away, prices and market indices have improved as domestic data has suggested that wage growth and inflationary pressures may be slowing – although many analysts believe it is too early to draw definitive conclusions. This week also brought news of a slight narrowing in the US trade deficit.

Both equities and Government bonds perked up on yesterday's UK inflation news. Bonds attracted some retail support before closing below their best levels with net gains of ¼ or so. The equity sector also lost impetus before the end of the day, and the closing reading of 1773.7 on the FT-SE scale, a net rise of 10.5, was a point below the day's best. Over the week, the FT-SE has put on 23 points.

Seaq volume was relatively high again yesterday, with 468.4m shares traded against 396.2m but the total, which incorporates customer and market maker business, was heavily weighted with inter-market business. Genuine investment interest is low because most fund managers have committed their remaining cash funds for 1988 and trading books have been balanced for the year end.

A feature of yesterday's trading was the surprising number of incorrect deals entered into the Seaq system and later marked, "*Should be deleted*" no fewer than 15 deals, all involving major stocks, were entered within a few minutes, only to be later struck from the record. Unfortunately, such corrections are not erased from the day's share volume totals.

The major news development was the announcement that the time limit for the reduction in the BP stake held by the Kuwait Investment Office (KIO) has been extended from one year to three years. This lightens the major burden on the share price of BP, which is also negotiating the possible sale of its minerals interests to RTZ, a deal which could net the oil company up to £2.5bn.

FINANCIAL TIMES STOCK INDICES

	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	86.65	86.54	86.18	86.65	86.79	87.72	91.43 (18/4)	86.18 (14/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.15	95.99	96.14	95.81	96.65	94.86	98.67 (25/5)	94.14 (6/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1436.0	1427.3	1424.2	1425.7	1422.4	1377.8	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	183.1	170.7	170.4	173.2	174.6	313.8	312.5 (7/1)	152.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	5.12	5.14	5.15	5.15	5.16	4.55				
Earning Yld %(full)	12.93	12.96	13.01	13.01	13.02	11.38				
P/E Ratio(net)(c)	9.23	9.29	9.25	9.28	9.26	10.77				
SEAQ Bargains(5pm)	18,057	19,181	19,223	20,384	21,633	26,077				
Equity Turnover(£m)†	-	696.61	697.80	856.28	929.44	1496.45				
Equity Bargains†	-	18,365	19,229	21,171	23,568	31,571				
Shares Traded (ml)†	-	383.4	434.8	414.4	391.4	633.4				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1434.3	1434.0	1434.6	1435.2	1435.5	1435.2	1435.8	1435.7

DAY'S HIGH 1436.6 DAY'S LOW 1433.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil 9.29 †Excluding intra-market business

■ S.E. ACTIVITY

Indices	Dec. 15	Dec. 14
Gilt Edged Bargains	124.4	95.3
Equity Bargains	119.0	124.6
Equity Value	1792.1	1514.7
5-Day average		
Gilt Edged Bargains	97.4	89.8
Equity Bargains	143.4	150.7
Equity Value	1890.5	1838.6

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
[illegible]			
Brit. Aerospace	643	429	-2
Brit & Comm.	25	207	+1
British Gas	6,490	159½	+½
British Land	660	329	+3
BP	11,030	259½	+2½
British Telecom	3,000	254	+1
Burmah Oil	1,600	477	+7
Burton	4,900	178¼	-3½
Cable & Wireless	1,859	367	+1
Cadbury Schweppes	1,600	324	+3
Coats Viyella	2,400	135½	+2½
[illegible]			
Hammerson 'A'	413	895	+1
Hanson	3,300	149½	
Harrisons & Cros.	115	657	-1
Hawker Siddeley	575	527	+6
Hillsdown Hldgs.	1,900	228	-2
ICI	1,300	180	+4
Imp. Chem.	1,000	994	
Inchcape	1,100	197	
Jaguar	817	260	
[illegible]			
Prudential	3,055	152	+1
Racal	3,800	262	+3
Rank Org.	279	696	+14
RMC	518	468	+2
RTZ	2,600	405	+4
Rolls Royce	915	127½	+½
[illegible]			
Trafalgar House	517	290	+½
Trusthouse Forte	2,480	245	+3
Ultramar	1,500	281	+4
Unilever	319	444	+2
United Biscuits	1,300	283	+1½
Utd. Newspapers	21	370	+1
Wellcome	667	401	-8
Whitbread 'A'	1,200	297	+8
Williams Hldgs.	2,500	210	-3
Wimpey	4,200	258	+3
Woolworth	1,200	226	+3

Further support for BP

BP provided the market with its second major news item of the week as Lord Young, Secretary of State for Trade and Industry, revealed that the Kuwait Investment Office would be allowed three years to reduce its stake in BP from its current 21.6 per cent level to below 10 per cent. The Department had previously ordered the Kuwaitis to reduce their stake within twelve months.

The news was given a welcome reception by the market where BP old stock rose 2¼ to 259½p on turnover sharply increased at 11m shares. The new closed a penny up at 155½p with 10m shares changing hands. Over the week BP old have risen 11½p and the new 9p.

The extension granted to the Kuwaitis was described by dealers as, "the second bit of positive news this week, just what we needed to keep the sector bubbling". Jeremy Hudson, oil analyst at Shearson Lehman, said the news, "will be well received, although it has been anticipated. It removes any risk of a sudden dumping of stock in the market, something which has been overhanging the shares".

On Wednesday BP and RTZ jointly announced that they are holding talks on the possible purchase of BP's minerals division by RTZ. Estimates of the price RTZ may have to pay for the interests have ranged up to $4.5m. RTZ shares were 4 higher at 406p after turnover of 2.6m.

Bets on GrandMet

Sears lightened the gloom pervading the retail sector with the sale of its William Hill betting office chain to Grand Metropolitan for £331m cash. The deal pushed the shares up 5 to 114p in turnover of almost 9m with dealers saying they were still on the low side.

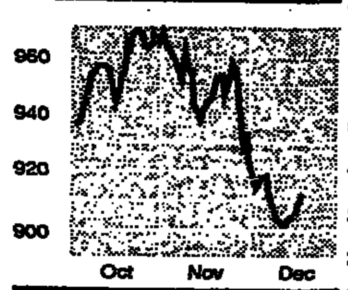
Grand Met shares hardly moved on the news, easing a penny to 431p. Dealers were awaiting news from the Delaware courts about its bid for Pillsbury and said the cash bid for William Hill will only have a real effect if the Hill deal is referred to the Monopolies & Mergers Commission.

William Hill operates 906 retail betting shops in the UK and 370 in Belgium. Sears said the sale would provide £310m in extraordinary profits which would be used to reduce borrowings.

Analysts at County NatWest WoodMac said the sale was a good one in the current uncertain climate, with historic profits of £15¼m being exchanged for £331m in cash: but they warned against over-excitement.

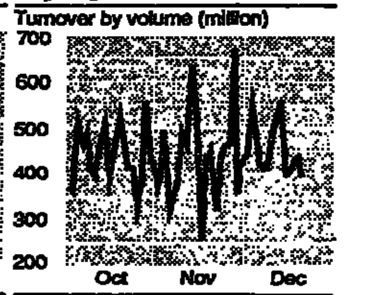
"Sears will be sitting on borrowings of about £90m, but this has to be balanced against some of its other markets.Mail order, for example, is not the best place to be," said an analyst. "The deal, which gives Sears a more defensive look, was at a price it couldn't refuse."

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



M&G turn round

The unfortunate experience suffered by M&G, Britain's leading unit trust group, since Mr Alan Bond doused bid speculation last summer by selling his substantial shareholding, was halted yesterday. Annual profits higher than top estimates, and only slightly below those of the previous year, proved the turning point. The news delighted the market, causing the shares to rebound from the low point of the year to close 7 up at 268p.

"This is a very good result", was the summing up of Mr Hugh Pye, sector researcher at County NatWest WoodMac. "The group is gaining an increasing share of the intermediary market and has ably contained the adverse effects of both lower unit trust sales and the contraction in share trading volumes this year", continued Mr Pye, who has raised his current year forecast to £25m.

International stocks moved better in unconvincing fashion as investors continued to stay largely on the sidelines. Dealers reported widespread fears of further interest rate rises in the New Year and although sterling was reasonably steady yesterday, the overall tone remained distinctly cautious.

Beecham was deflated after Thursday's heady talk of takeover bids. The shares fell 3¼ to 471p in turnover of 4.5m. But Fisons edged 2 higher to 235p. Next week's Tokyo listing is being handled by Nomura Securities - the 12.5m new shares have been successfully placed with institutions at the equivalent of around 233¼p.

BOC rose 7 to 401p in improved sentiment, while the excerpt from its accounts indicating a £3.8bn cash mountain did little to inspire Hanson, unchanged at 149½p. The cash holding is equivalent to 99.7p per issued share.

Enterprise Oil and LASMO contined to attract big buying amid growing speculation that the year-end expiry of the Government's golden share in the former will trigger a bid battle. Enterprise shares jumped 10 to 546p and LASMO, currently auctioning a 25.2 per cent holding in Enterprise, leapt 7½ more to 482p.

The overall strength of the market coupled with a stock shortage specifically in the banks triggered some good gains in the sector. A Hoare Govett circular continued to boost Lloyds, up 6 more to 323p. Standard Chartered were heavily bought on yield considerations and touched 499p before closing a net 8 to 495p. Speculation that Banco San Paolo could have been back in the market to increase its stake in Hambros lifted the shares 7 to 221p.

Composite insurances were heavily bought early in the day amid rumours that the near 7 per cent stake in Commercial Union (CU) held by Mr John Spalvins' Adsteam Group had been placed outside the market. The story could not be confirmed, however, and turnover of 3.3m did not corroborate it. CU shares, having touched 340p, dipped to close a net 3 higher at 330p. The sector was additionally lifted by speculation of imminent increases in Massachusetts insurance premiums. Sedgwick, 6 higher at 226p led a buoyant broking-sector higher.

A tired brewery sector continued to reflect a shortage of stock rather than fundamental support as dealers jockeyed for positions. Whitbread caught the eye, but little else, with its gain of 8 to 297p in thin turnover of 1.2m. The activity was induced by one marketmaker - other dealers were keen to keep out of the way.

Talk that any reduction in the Grove Charity Trust stake could trigger takeover action in George Wimpey boosted Wimpey shares to 263p before a final level of 258p, up a penny on the day; turnover was 4.2m. BZW buy recommendations were said to be responsible for lifting AMEC 3 to 325p and Crest Nicholson 8 to 185p.

Store shares remained in uncertain mood with post-Christmas gloom predicted by County NatWest WoodMac which warns that retail sales growth will slow next year. Burton fell 3½ to 178¼ in turnover of 4.9m, while Ward White lost another 2 at 195p.

Etam bounced off the bottom with a rise of 11 to 143p, while Next moved ahead 2 to 133p. Storehouse rose 2 to 187p on the back of Mr Asher Edelman's 5.2 per cent stake in the company – dealers said the move was speculatory and poured scorn on talk of a bid.

Racal Telecoms, where turnover was sharply increased at 7m, jumped 7 to 172½p with dealers reporting persistent and sizeable demand for the stock by one particular UK securities house after the good results announced earlier in the week.

Amstrad, said by the market to have been oversold since chairman Alan Sugar revealed problems with domestic manufacturing of video recorders, rallied strongly to close 8 up at 163p.

The takeover battle for Bejam was the focus of attention in foods. Bejam told shareholders that Mr John Apthorp was not a "known seller" of his Bejam shares and said the company was far more profitable than bidder Iceland Frozen Foods. Iceland countered that Mr Apthorp had been expressing his desire to sell for the last two years and said that Iceland was growing while Bejam was in decline. County is recommending acceptance of the offer. Bejam jumped 12 to 165p, while Iceland were unchanged at 313p.

A mystery buyer entered the fray yesterday pitching for control of the industrial fasteners company Avdel, which is already the subject of a hostile 88p a share bid by Mr Jeffrey Steiner through his US-based Banner Industries.

According to market-makers the new and anonymous bidder was prepared to offer 92p a share conditional upon Banner accepting the offer. Steiner's prompt response was to reject it; he already claims to control nearly 47 per cent of the Avdel voting shares in issue. The market remained sceptical about any final decision on the future of Avdel and the shares closed at 88p, unchanged on the day.

Johnson Matthey shares put on 4 to 332p. after the company issued a statement that it had been collaborating with Ford for some time in the development of a non-platinum bearing automobile exhaust catalyst. Dealers are taking the view that the automobile exhaust catalyst saga which broke this week, has a lot of mileage in it.

Henry Boot expects to realise some £5m cash from the sale of its railway engineering business to Balfour Beatty, a subsidiary of BICC. Boot shares put on 9 to 372p.

Depressing results from marine suppliers Bridport Gundry caused the shares to fall 21p to 204p. The company's annual profits were 61 per cent down at £870,000.

A market view that De La Rue, the security printing firm, is still being stalked by Mr Robert Maxwell helped the shares to put on 12 to 392p.

Ladbroke bounced off its recent poor form and rose 6 to 433p, encouraged by the terms of the Sears deal for its William Hill betting chain. "The equivalent valuation of Ladbroke's betting operations makes the shares look very cheap indeed at current levels," said one analyst.

Stanley Leisure rose 22 to 255p on speculative demand ahead of figures next month. Mecca Leisure ran into a seller and fell a penny to 156½p. Yorkshire Television rose 5 to 214p on support following recent figures - County NatWest WoodMac issued a buy recommendation saying the shares have good long-term value.

The property sector had a quiet but steady day, but dealers said that stock coming onto the market had little trouble finding buyers. Mountleigh, driven by continued bid speculation, closed up ½ at 164p after a day's high of 168p. Priest Marians gained 11 to 405p on its acquisition of 11.9m shares in INOCO, unchanged at 40½p. Local London, also the centre of bid speculation, rose 15 further to 504p for a two-day rise of 47.

Textiles steered a course nearer the main stream after being blown adrift earlier in the week by the Coats Viyella storm about profits. Courtaulds regained 5¼ to 255½p, while Coats Viyella (135p) and Dawson International (197p) pulled back 3 apiece. Two acquisitions for cash and shares, to be issued at 35p to one of the vendors, pushed West Trust up 3 to 32p.

International City Holdings ticked down a few pence more to 77p; earlier this week the chief executive, Mr R J Vallance, left the group, and the following day director Mr A Paturick retired.

Platinum prices continued to plunge but Lonrho regained all the ground lost on Thursday after the Ford Motor Company claimed that it had developed a non-platinum catalyst for exhaust emission controls. The shares closed 9 higher at 340p.

Dealings in traded options reached the moderately high total of 36,731 contracts, consisting of 24,149 calls and 12,582 puts. Transactions in the FT-SE 100 index contractcame to 2,465 on a matched basis, lying in 805 calls and 1,660 puts. Dealings across a wide field caught among other things complex dealings in BP, where turnover ran to over 10,000 contracts.

■ Other market statistics, including the FT-Actuaries Share Index, Page 14.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (17).
CANADIANS (1) Hudson's Bay, BUILDINGS (1) BB & EA, STORES (1) Liberty, ENGINEERING (4) Chemring Grp., Ransomes Sims, Thyssen, Westland, INDUSTRIALS (4) Alfa-Laval, Avdel, Elkem, Radiant Metal, LEISURE (1) Virgin Grp., MOTORS (1) Volvo, NEWSPAPERS (1) Daily Mail'A', TRUSTS (3) Electra Inv. Tst., Korea Europe, M & G Dual Inc.

NEW LOWS (64).
AMERICANS (1) Houston Inds., CANADIANS (7) Am Barrick Res., Corona Corp., Cons. TVX Min. Corp., Echo Bay Mines, Madeleine Mines, Nml Business Syst., Sonora Gold, BANKS (1) Union Discount, BREWERS (1) Bulmer (H.P.), BUILDINGS (2) Bucknall Austin, Hey & Croft, CHEMICALS (1) Croda Int'l., STORES (1) Dixons Cm. Rd. Pf., ELECTRICALS (7) Microgen, Nth Telecom, Optim Grp., Orchid Tech., Security Tag Syst., Sherwood Comp., VG Instr., ENGINEERING (2) Davies & Met., TACE, FOODS (1) Israel (J.L.), INDUSTRIALS (5) Avon Rubber, Oriflame, Quotient, Williams Hldgs., Wills Grp., MOTORS (1) Cook (D.C.), NEWSPAPERS (1) Quarto Grp., PAPERS (4) Brunning Grp., Fairway (London), Moss Tst., Tinsley Robor, PROPERTY (1) Cons. Term. Invs., TRUSTS (6) Precious Metals Tst., Select Assets Un. Ln., Do. sertl, Brit. & Comm. 4.75pc Cv. Rd. Pf., Int'l. City Hldgs., Melville Street Invs., OILS (3) Falmouth Pet., Monarch Pet., North West Exp., OVERSEAS TRADERS (1) Ocean Wilson, PLANTATIONS (1) Bertram, MINES (16) East Rand Prp., ERGO, Leslie, Buffels, Kloof Gold, Ventersport, Loraine, St. Helena, Acorn Secs., Duke Grp., GM Kalgoorlie, Kidston Gold Mines, Metana Minerals, Paringa Mng/Exp., Whim Creek, Hamlo Gold Mines, THIRD MARKET (1) Feltrim Mining.

WEEK IN THE MARKETS

Ford shifts platinum into reverse

"THE FORD chairman has done for platinum what Edwina Currie did for eggs," commented Andrew Smith, an analyst with UBS Phillips and Drew, the London-based financial services group.

He was speaking after the boss of the world's second biggest car manufacturer had cut the ground from under the platinum market's feet by announcing on Thursday that his company had developed a cheaper technology for manufacturing exhaust-cleaning catalytic converters than that depending on platinum.

As autocatalyst production is the major growth sector for platinum demand this news came as a considerable blow to the market, which had been regaining strength over the past two months. The London bullion market price, which had already eased from a recent peak of $613 a troy ounce, immediately fell $38 to $555. And yesterday it slumped to $522 an ounce.

While platinum was falling, however, palladium, its sister metal, was moving forward. Fuelled by widespread speculation that palladium, produced mostly as a by-product of platinum mining, was the basis of Ford's breakthrough, the price of palladium gained $5.20 yesterday to $136.50 an ounce, up $8 on the week.

Johnson Matthey of the UK is the biggest supplier of both metals, so it was natural that the company's opinion should be sought on Ford's bolt from the blue. The response was intriguing.

It said that it had been "collaborating with Ford in this development for some time," and had supplied production quantities of such catalysts during 1988. While not mentioning palladium it said the new catalyst "uses a combination of platinum group metals (of which palladium and rhodium are also members) which differs from current compositions."

All this came as a surprise (to say the least) to readers of Johnson Matthey's Interim Review, published last month. While confining itself to short term projections for autocatalyst platinum demand, the review had forecast "further decline in palladium usage for autocatalysts. . . as platinum-rhodium three-way catalysts continue to gain market share." For rhodium, it said that the market outlook was "inextricably linked" with the autocatalyst sector.

Johnson Matthey confirmed the overall bullish tone of its recent analyses of the platinum market in a press release yesterday, saying that at the time of their publication it was "aware of this (Ford) development, and hence its view of the platinum supply/demand fundamentals for the short and medium term remains unchanged."

"In the long term, the rapidly advancing European market coupled with the expected tightening of US emission standards and a greater durability requirement, will ensure a continuing strong demand for platinum," it said. But Mr Smith thinks Johnson Matthey is misjudging investor sentiment, which he now sees as "negative".

"The speculative froth is gone," he says, "and prospects for platinum replacement (in autocatalysts) will pressure the market."

He also suggests that the resulting platinum weakness could pin the gold price down towards $400 an ounce," because so many traders operate strategies linking the two metals.

In the metals market the big news was the end of the Peruvian miners' 57-day strike. This encouraged a significant further shakeout in the London Metal Exchange copper market, which last week had topped £2,000 a tonne for the first time ever. The cash grade A price ended this week £131.50 down at £1,852.50 a tonne. Although Peru is also an important zinc supplier the strike had less impact on that market, and the shakeout was correspondingly less severe. By the end of the week, in fact, cash high grade zinc was showing a net gain of $9.50 at $1,572.50 a tonne.

In the soft (non-metal) commodities sector coffee was again the main focus of interest.

Following the triggering of an export quota increase of 1m bags (60 kg each) on November 30, traders have been watching anxiously to see if the market can maintain its strength sufficiently to trigger a second similar increase (taking the 1988-89 total to 58m bags) before the New Year deadline.

To qualify for this the 15-day average of the International Coffee Organisation's composite daily price will have to remain above the original trigger level of 114.40 US cents a lb for 15 days (that is on December 21).

The price is running well ahead of that level and failure now seems scarcely possible. To miss the target the price would have to average more than £200 below the current level over the first three days of next week.

Richard Mooney

APPOINTMENTS

Taylor Woodrow makes changes

■ TAYLOR WOODROW is regrouping its engineering and project management activities into one company, integrating three companies under the Taymel name by January 1. Mr Geoff Davies will become chairman, with Mr Michael Gordon as deputy chairman, and Mr Peter Gibson as managing director.

The company has made the following appointments. Following the retirement of Mr Geoff Davies, chairman of Taylor Woodrow Construction, Mr Bob Smith, joint managing director, becomes chairman from January 1. Mr Tony Palmer becomes sole managing director. Mr Geoff Topping, Mr Roy Broadhead and Mr Gordon Knight become joint deputy managing directors. Mr Peter Gibson becomes a director. Mr Klaas van der Lee and Mr Nigel Marks have been appointed divisional directors.

Mr John Bevan, deputy managing director, has been appointed managing director of Taylor Woodrow International. He takes over from Mr Walter Hogbin who continues as chairman.

MR GEOFF DAVIES

Bank of England directors

■ Mr Andrew Crockett has been appointed a director of the BANK OF ENGLAND for four years from March 1 1989. He is deputy director of the research department of the International Monetary Fund, where he was responsible until recently for the world economic outlook project. He will take over responsibility for the international work of the Bank, and for the financial statistics division, from Mr Anthony D. Loehnis. After nine years with the Bank Mr Loehnis leaves next June to join S.G. WARBURG GROUP as a group executive director and a vice chairman of S.G. Warburg & Co. Reappointed as directors of the Bank of England for a further four years from March 1 1989 are Mr David Walker, chairman of the Securities and Investments Board; Mr Brian Corby, chief executive of the Prudential Corporation; and Sir Robert Haslam, chairman of British Coal.

■ Mr C.M. Davidge, (above) deputy managing director of CHRISTIES INTERNATIONAL, becomes managing director on January 1 in succession to Mr L.G.M. Hannen who continues as deputy chairman. Mr F. Curiel, Mr A.N.G. Annesley and Mr S.S. Lash join the board. Mr Curiel also becomes managing director of Christie's Europe. Mr G. Elliott, an advisory director of Morgan Stanley & Co. Inc., has been appointed a director of Christie, Manson & Woods International Inc., New York.

■ Mr Peter Cooke, formerly an associate director of the Bank of England, has become a consultant to the BARCLAYS BANK GROUP. He is also joining Price Waterhouse as chairman of its world regulatory advisory group for banks and other financial institutions.

■ LUXFER UK, Nottingham, part of British Alcan, has appointed Mr Eddie Sands as business development director. He was general sales manager.

■ Mr Alain Lévy has been appointed an executive vice president of POLYGRAM INTERNATIONAL, based in London. He will be responsible for the popular music division and will have regional responsibility for France and Germany. He is president of Polygram France.

■ Sir Richard Lloyd has been appointed a non-executive director of HARRISONS & CROSFIELD.

■ MURRAY JOHNSTONE, Glasgow, has appointed Mr Tom Edmond as managing director of Murray Johnstone Unit Trust Management. He joins from Standard Life Assurance Company where he was national sales manager.

Mr John Kaye, general manager of the AGRICULTURAL MORTGAGE CORPORATION, has been promoted to managing director.

■ Mr Keith Krzywicki will take over as managing director of UPJOHN, Crawley, Sussex, from January 1. He succeeds Mr Michael Jowett, who moves to company headquarters in Kalamazoo, Michigan, US, to become vice president, international pharmaceutical marketing. Mr Krzywicki is general manager, Belgium Marketing Upjohn SA, Puurs, Belgium.

■ Mr Brian Upton has been appointed chairman of RICHARDSON SHEFFIELD. He was managing director, and is succeeded by Mr Gordon Bridge, who was deputy managing director. Mrs Kathy Sanchez, sales director, becomes director of sales and marketing.

■ Mr Marc Chevalier has been appointed managing director of VALEO DISTRIBUTION (UK). He was with the Belgian subsidiary.

■ SCANDINAVIAN BANK GROUP has appointed Mr Stewart R. Humphrey as executive vice president of the New York branch. He was with the Hongkong and Shanghai Banking Corporation in Hong Kong, where he was responsible for the reorganisation of group treasury.

■ Dr Erwin Moeller has succeeded Dr G Sassmannshausen as chairman of AMALGAMATED METAL CORPORATION, London. Dr Sassmannshausen recently retired as chairman of the executive board of Preussag, was appointed to its supervisory board, and was succeeded by Dr Moeller. Mr R. Fenerhake and Mr V.H. Sher, group managing director, have joined the board of AMC. Mr H-J Vocht has retired following his appointment to the board of Metaleurop, Paris.

■ H.R. PEGG has made the following appointments: Mr Dennis Carter, managing director, Pegg Technical services; Mr Bob Urquhart, managing director, Pegg Board Sales; and Mr Clive Duncan, managing director, Pegg Haindl. Mr Ray Williams becomes a director of H.R. Pegg, and Mr Leo Grady a director of Pegg Plastics. Mr Arthur Polyblank has retired.

■ Mr Ernest Airey and Mr Mark Taylor have been appointed joint managing directors of JOHN LAING DEVELOPMENTS. They were directors. Mr Taylor also becomes director of Grosvenor Laing Urban Enterprises, a joint venture with Grosvenor Estate to promote urban regenerative developments.

Mr Philip Darwall-Smith (left) and Mr Christopher Edge (right) have been appointed as directors responsible for fund management in the private banking division at BRITISH & COMMONWEALTH MERCHANT BANK. They join from similar posts with Lazards Investors.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

BANK RETURN

BANKING DEPARTMENT	Wednesday December 14, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	95,632,373	- 1,133,873
Bankers Deposits	1,249,186,912	- 56,577,177
Reserve and other Accounts	2,025,737,854	- 18,134,916
	3,385,110,139	- 75,845,966
ASSETS		
Government Securities	766,316,150	- 106,530,000
Advance and other Accounts	586,691,073	- 193,969,721
Premises Equipment & other Secs	2,019,697,217	+ 224,351,579
Notes	12,159,304	+ 257,556
Coin	246,395	+ 44,620
	3,385,110,139	- 75,845,966
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,417,840,696	+ 499,742,444
Notes in Banking Department	12,159,304	+ 257,556
	15,430,000,000	+ 500,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	10,700,486,665	+ 726,252,126
Other Securities	4,718,498,235	- 226,252,126
	15,430,000,000	+ 500,000,000

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	94	6	11	236	210	109
Corps. Dom. & Foreign Bonds	17	0	34	56	39	160
Industrials	460	261	862	1,821	2,135	3,953
Financial and Props	178	102	392	620	802	1,926
Oils	30	16	59	132	112	281
Plantations	3	1	9	5	2	58
Mines	14	76	99	146	278	523
Others	60	62	130	366	351	529
Totals	856	524	1,596	3,382	3,929	7,539

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday December 15 1988

Overseas Traders	+31.02	All Share Index	+ 4.38
Property	+24.39	Insurance(Composite)	+ 3.76
Mining Finance	+21.32	Metals & Metal Forming	+ 3.67
Leisure	+18.42	Banks	+ 3.17
Electronics	+18.01	500 Share Index	+ 3.17
Investment Trusts	+15.93	Industrial Group	+ 2.62
Telephone Networks	+13.69	Packaging & Paper	+ 2.26
Electricals	+13.07	Insurance(Brokers)	+ 1.86
Brewers and Distillers	+12.39	Motors	- 1.35
Conglomerates	+12.01	Consumer Group	- 1.59
Mechanical Engineering	+10.23	Building Materials	- 2.04
Food Manufacturing	+ 9.17	Chemicals	- 3.42
Shipping & Transport	+ 7.50	Agencies	- 4.15
Capital Goods	+ 7.04	Insurance(Life)	- 4.25
Oil & Gas	+ 6.52	Publishing & Printing	- 6.40
Other Groups	+ 5.72	Merchant Banks	- 8.68
Other Industrial Materials	+ 5.44	Food Retailing	-16.03
Financial Group	+ 5.09	Stores	-19.96
Contracting, Construction	+ 4.86	Textiles	-23.92
Health & Household Products	+ 4.43	Gold Mines Index	-43.50

GUIDE TO UNIT TRUST PRICING

هكذا من الأصل

هكذا من الأصل

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TSB Unit Trusts (y) (1000)F

Murray Johnstone UT Mngmt

Black Horse Life Ass. Co Ltd

Colonial Mutual Group – Contd.

Combined Insurance Co of America

Commercial Union Group

Framlington Life Insurance Ltd

Friends' Provident

Hearts of Oak Insurance Group

Henderson Administration (z)

Legal & General – Contd.

Legal & General (Unit Pensions) Ltd

Merchant Investors Assurance Co Ltd – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
National Mutual Life				
The Priory, Priory Pk, Hitchin SG5 2DW 0462 422422				
Managed Fund	193.6	203.8	......	–
Managed Property Fund	157.8	166.2	......	–
UK Equity Fd	232.3	244.6	......	–
Fixed Interest	157.9	166.3	......	–
Pacific	224.6	236.5	......	–
North American	101.7	107.1	......	–
Pens. Managed	218.7	230.3	......	–
Pens. UK Equity	248.9	262.1	......	–
Pens. Overseas Equity	277.8	292.5	......	–
Pens. Property	172.8	181.9	......	–
Pens. Fixed Interest	172.1	181.2	......	–
Pens. Index Linked	131.8	138.8	......	–
Pens. Deposit	163.6	172.3	......	–
P.R.P. UK Equity	108.3	114.0	......	–
P.R.P. Overseas Equity	98.9	104.2	......	–
P.R.P. Fixed Interest	117.1	123.3	......	–
P.R.P. Property	143.0	150.6	......	–
P.R.P. Index Linked	119.2	125.5	......	–
P.R.P. Deposit	113.0	119.0	......	–
P.R.P. Managed	109.7	115.5	......	–
P.R.P. With Profits	118.2	124.5	......	–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 01-623 4200				
Managed	287.6	302.8	+1.0	–
UK Equity	354.4	373.1	+1.9	–
Overseas Eq.	264.0	277.9	-0.3	–
Americas	198.9	209.4	-0.3	–
Far East	331.2	348.7	-2.0	–
Property	192.8	203.0	+0.2	–
Fixed Int.	216.4	227.8	+1.5	–
Indexed Gilt	127.2	133.9	-0.3	–
Deposit	144.5	152.2	–	–
Pension Fund (Accum Units)				
Managed	371.8	391.4	+1.5	–
UK Equity	413.8	435.6	+2.3	–
Overseas Eq.	416.3	438.3	-0.1	–
Americas	265.6	279.6	+0.8	–
Far East	555.4	584.7	-4.8	–
Property	228.5	240.6	+0.3	–
Fixed Int.	249.3	262.5	+2.1	–
Indexed Gilt	137.7	145.0	+0.5	–
Deposit	183.7	193.4	+0.1	–
NPI Pensions Management Ltd				
Managed Fund	890.1	906.0	–	–

Prices December 1 Next dealing January 3

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683966
NUAM Funds

[illegible]

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

IoM AUTHORISED

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102⅞	99⅞	Treas 11½pc 1989	99⅞	...	11.54	12.90
101⅞	98⅞	Treas 9½pc Cnv 1989	99	+⅛	9.60	12.50
97⅞	95⅞	Treas 3pc 1989	97⅞	...	3.09	10.44
102⅞	98⅞	Treas 10½pc 1989	99⅞	+⅛	10.59	10.29
103	98⅞	Exch 10pc 1989	98⅞	+⅞	10.14	12.28
103⅞	98⅞	Exch 11pc 1989	99⅞	+⅞	11.09	12.03
97⅞	94⅝	Treas 5pc 1986-89	95⅝	...	5.23	10.64
104⅞	98¾	Exch 10¼pcCv '89	99¼	+⅞	10.34	11.31
107½	101⅛	Treas 13pc 1990‡‡	101⅞	+¼	12.79	11.35
104¼	99⅞	Exch 11pc 1990‡‡	99⅞	+⅞	11.03	11.19
107⅞	100⅞	Exch 12½pc 1990	101⅞	+⅛	12.33	11.30
93⅞	90⅞	Treas. 3pc 1990	91⅞	...	3.29	9.93
99¾	95⅞	Treas 8¼pc 1987-90‡‡	96⅞	+½	8.58	11.15
102½	95⅝	Treas. 8pc Cv 1990 ‡‡	96⅞	+⅞	8.30	10.55
103⅞	97¼	Treas. 10pcCv 1990	98	+⅞	10.21	11.23
91⅞	87⅞	Exch 2½pc 1990	87⅞	...	2.85	9.74
107¼	100⅞	Treas 11¾pc 1991	101	+⅛	11.63	11.21
95⅞	89⅞	Funding 5¾pc '87-91‡‡	89⅞	...	6.40	10.85
90⅞	86	Treas. 3pc 1991	86	...	3.48	9.64
105⅞	97⅞	Treas 10pc Cv '91 ‡‡	98⅞	+½	10.14	10.65
107⅞	98⅞	Exch. 11pc 1991	99⅞	+⅞	11.02	11.08
98⅞	91⅞	Treas 8pc 1991	92⅝	+⅞	8.64	10.97
113⅞	103⅞	Treas 12¾pc 1992‡‡	104⅞	+¼	12.13	10.78
104⅞	96⅝	Treas 10pc 1992	97⅞	+¼	10.23	10.82
98⅞	91¼	Treas. 8pc 1992 ‡‡	92⅞	+¼	8.66	10.78
106¼	98⅞	Treas 10½pc Cv 1992‡‡	99⅞	+⅞	10.58	10.77

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

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Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19	14½	USX $1	15½		$1.40	–	5.0
140p	44p	♦Unilab.	127p		–	–	–
24⅞	17⅝	Utd. Technologies	21¼		$1.60	–	4.1
163p	27p	♦Utilitech Inc.	126p		–	–	–
34⅝	26¾	US West‖	32	+⅛	$3.52	–	6.1
24⅞	16⅝	Waste Management $1.	22¼xd		48c	–	1.2
16⅞	12⅝	Whirlpool $1	13⅝	–⅛	$1.10	–	4.5
21⅛	16¼	Whitman Corp.	17½xd		96c	–	3.0
33½	18¼	♦Woolworth $3½	27½	+⅛	$1.64	–	3.3

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	141p	♦ABM Gold Corp ‖	148p	+6	–	–	–
32p	7p	♦Abbot Energy Corp.	7p		–	–	–
14¼	882p	♦Amer. Barrick Res.	882p	–11	–	–	–
10p	2½p	♦Amer. Lightwave ‖	3p		–	–	–
47p	7½p	♦Armeno	18p		–	–	–
76p	36p	♦Augmitto Expln	39p		–	–	–
14⅝	10⅝	Bk. Montreal ‖	12⅝	–⅛	$2.00	–	7.4
769p	514p	Bk. Nova Scot.‖	654p	–6	76c	–	5.3
18¾	15¼	BCE ‖	17xd	–⅛	$2.44	–	6.5
716p	527p	♦Bow Valley ‖	586p	–6	40c	–	3.1
13⅝	10½	♦Brascan ‖	11⅝		88c	–	3.4
328p	177p	♦Breakwater Res.	191p		10c	–	2.4
12⅝	801p	Can. Imp Bank ‖	11⅝	+⅛	$1.16	–	4.6
11½	841p	Can. Pacific ‖	916p	–12	76c	–	3.8
41½	38½	Do. 4pc Deb £100	38½xd		4%	–	10.4
515p	357p	Central Capital "A" ‖	393p		–	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

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TEXTILES—Contd

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TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † *Interim since increased or resumed*
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✧ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast *dividend*; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ⊛ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e [illegible] dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	67	......
Craig & Rose £1.. y	710	......
Finlay Pkg. 5p.... y	85	−1
Holt (Jos) 25p..... y	£11 1/16	−1/8

IRISH

Cap 8½% Ln. 1991...	£99⅝	......
9pc Cap Ln. 1996..	£103⅛	......
Fin. 13% 97/02...	£124⅛	......
Arnotts.............. y	385	+5
Carrol (P.J.)....... y	140	−5
Grafton Grp....... y	143	......
Hall (R. & H.).......	153	......
Helton Hldgs....... y	66	+3
Irish Ropes......... y	140	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	48
Blue Circle	39
Boots	28
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	[illegible]
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42
Property	
Brit Land	30
Land Securities	52
MEPC	50
Peachey	54
Oils	
Brit Petroleum	21
Do (P Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21
Mines	
Cons Gold	100
Lonrho	38
RTZ	48

FINANCIAL TIMES
Weekend December 17/December 18 1988

Kuwaitis win more time for BP sale

By Steven Butler

THE Government yesterday softened the terms under which the Kuwait Investment Office must dispose of most of its 21.6 per cent stake in British Petroleum by extending the divestment period from one to three years.

The decision by Lord Young, Trade and Industry Secretary, reduces the pressure on the KIO to sell the stake immediately under relatively poor market conditions.

It also increases the chances that its losses on the deal can be reduced, or turned to a profit.

Mr John Jeffrey of Stephenson Harwood, the KIO's solicitors, said the KIO was "satisfied with the outcome," although it fell short of the office's goal to extend the disposal period to five or more years.

The KIO, which manages an international investment portfolio on behalf of the Kuwaiti Government, was ordered in October to reduce its stake in BP below 10 per cent following a Monopolies and Mergers Commission finding that the holding at the current level was against the public interest.

The KIO built its stake a year ago, when the BP share price plummeted after the group's flotation at the time of the stock market crash.

The KIO was understood to have held out the possibility that a rapid disposal of the stake might force it to sell the entire 21.6 per cent share holding to a single buyer. Some analysts believe that offers had already been made.

It is likely, however, that the KIO would have had to accept heavy losses, of up to £350m in prevailing market conditions, in which BP shares were hit both by weakness in oil and London equity prices.

Some analysts believe the KIO was allowed more time to sell the shares in exchange for a gentleman's agreement not to sell to a single predator.

BP would not comment on the Government's decision.

The BP share price jumped 3p immediately after the announcement, and closed up 2½p at 259½p.

US calls on PLO to back Arafat

By Andrew Gowers in London and Andrew Whitley in Jerusalem

THE US called on the Palestine Liberation Organisation to support this week's policy statements by Mr Yassir Arafat, PLO leader, and dissociate itself from future terrorism.

Mr Robert Pelletreau, Washington's ambassador to Tunisia, conveyed this message to PLO members at a Tunisian Government guesthouse in Carthage on the outskirts of Tunis, during the US Administration's first official meeting with the PLO.

It underlined the tight constraints which the US is placing on its dialogue with the organisation, following President Ronald Reagan's decision on Wednesday to end his country's long-standing ban on direct dealings.

Other governments – including the 12 members of the European Community – have predicted that this could greatly improve prospects for the rapid convening of an international Middle East peace conference.

Mr Pelletreau, who has been designated the sole channel for US contacts with the PLO, was accompanied by his embassy's political counsellor. The four-member PLO delegation was headed by Mr Yassir Abed Rabbo, a member of the organisation's executive committee and of one of its radical factions, the Democratic Front for the Liberation of Palestine.

At yesterday's meeting, the US called for direct negotiations between the regional parties, while the PLO officials proposed a UN-sponsored peace conference and stressed their demand for an independent Palestinian state.

The talks, however, were characterised by both sides as "practical". A further meeting may not take place until after the incoming Bush administration takes office on January 20.

At a briefing for American journalists in Tunis before last night's meeting, Mr Pelletreau reiterated a statement by Mr George Shultz, Secretary of State, that the US wanted terrorism to be at the top of the agenda. "We'll explain how the US feels about terrorism and say that we expect (PLO chairman) Arafat's words to be matched with deeds," he said.

PLO officials want the talks to focus on efforts to convene an international conference. However, the cautious approach by the Americans suggests that the US has yet to decide how to pursue its effort to foster peace talks between Israel and the Arabs.

Meanwhile, President Reagan has made clear that any terrorist act blamed on the PLO could cause the dialogue to be suspended.

President-elect George Bush yesterday played down the significance of the US move to open contacts with the PLO and said he did not know where the Middle East peace process would lead.

Mr Bush's remarks were designed partly to reassure Israeli leaders, who are seriously at odds with Washington over dealing with the PLO.

The Israeli Government remained sceptical yesterday. Officials and politicians are deeply divided over how best to respond to their country's current isolation. The Foreign Ministry is arguing that Israel should at least be seen abroad to be taking some initiative.

Mr Shimon Peres, Foreign Minister, has proposed elections in the occupied territories as a substitute for talks with the PLO, while a small group of influential parliamentarians from the right-wing Likud party is advocating a revival of an old plan for "unilateral autonomy" in the West Bank and Gaza Strip.

Palestinians killed, Page 2

Inflation rate remains at 6.4%

By Ralph Atkins, Economics Staff

BRITAIN'S ANNUAL inflation rate remained at 6.4 per cent last month but the upward trend appears unbroken and the Treasury acknowledged that its forecast for the last three months of the year is likely to be exceeded.

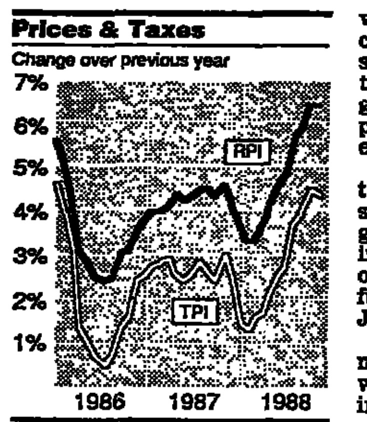
Department of Employment figures yesterday showed that the retail prices index increased by 0.5 per cent in November compared with October, the same as in the corresponding month a year ago.

The annual rate was unchanged from October, when it reached its highest level since July 1985. Some City analysts forecast it will hit 7 per cent in December before rising further in the New Year.

In his Autumn Statement, Mr Nigel Lawson, Chancellor, forecast inflation would average 6¾ per cent in the last quarter of 1988. Yesterday officials said the average is likely to be about 6½ per cent.

The figures came at the end of a week rich in economic indicators. Those showed that high interest rates do not appear to have stopped strong output growth continuing into the last months of the year although consumer spending may be easing.

Earnings growth dipped slightly with the underlying annual growth rate falling from 9.25 per cent in September to 9 per cent in October.



Commenting on the inflation figures, Mr Norman Fowler, Employment Secretary, said the control of inflation was still a clear priority but growth in earnings was too high. "Moderation in pay settlements remains essential for the economy and for jobs," he said.

City analysts continue to fear mounting inflationary pressures caused by demand growing at too fast a pace.

Mr Bill Martin, economist at Phillips & Drew, said the underlying rate of inflation was increasing. "It seems that companies' profit margins are still going up and it may be that unit labour costs are going up too. It is not import prices – it is domestically generated."

A main cause of the rise in the inflation rate since the summer has been higher mortgage rates. The latest increase, in October, had a small impact on last month's figures while further rises are expected in January.

The department said that if mortgage interest payments were excluded, the annual inflation rate in November would have been 5.1 per cent.

Mr Michael Meacher, Labour's employment spokesman, said inflation was still by far the highest of any Western economy and showed no sign of falling. The main factor behind recent rises was not wages but electricity and water costs as well as higher interest rates.

In November, the all-items Retail Price Index stood at 110.0 (1987=100) compared with 109.5 in October. The Tax and Price Index, which takes account of taxation as well as prices, was at 106.0 compared with 105.4.

Government £200m debt pay-off, Page 5

Belgians and Swiss raise key official interest rates

By Peter Norman and Simon Holberton

SWITZERLAND and Belgium brought a week of dearer money on the Continent to a close yesterday by increasing their key official interest rates.

In Zurich, the Swiss National Bank raised its discount and Lombard rates by one half percentage point each to 3.5 per cent and 5.5 per cent respectively.

The Belgian National Bank in Brussels lifted its discount, Lombard and three month Treasury bill rates by one quarter of a percentage point for the second time this week. The Belgian rates, last raised on Wednesday, stand at 7.75 per cent, 8 per cent and 7.65 per cent respectively.

The increases followed the Bundesbank's decision on Thursday to raise its Lombard rate by half a percentage point to 5.5 per cent and fix for 1989 a money supply target of 5 per cent growth of M3, West Germany's broad money aggregate.

Yesterday, Switzerland set a 2 per cent growth target for its central bank money supply next year compared with the 1988 target of 3 per cent.

The German move, which prompted similar interest rate increases in Austria and the Netherlands on Thursday, had been anticipated by France, which raised its key interest rates late on Wednesday.

The interest rate increases illustrated how Bundesbank policy dominates the monetary affairs of the nations that are full members of, or closely linked to, the European Monetary System. The French authorities, which knew in advance of the West German plans, apparently felt obliged to act to prevent the franc suffering from speculative selling pressure in the EMS.

The Bundesbank said the Lombard rate increase was necessary to control inflationary pressures. It is also probable that the German authorities acted to prevent a rise in the dollar against the D-Mark.

If that was their intention it backfired. The dollar continued to strengthen in foreign currency trading yesterday, bolstered by a firming in officially guided interest rates in the US. By the close in London the dollar was nearly two pfennigs stronger against the D-Mark at DM1.7660 despite Bundesbank dollar sales in early Frankfurt currency trading.

Currency markets were undeterred by the failure of the US Federal Reserve, the US central bank, to raise its discount rate as some analysts had predicted.

The US central bank has manipulated upwards the Fed Funds rate, the rate of interest at which commercial banks lend each other reserves, to nearly 9 per cent. At midsession in New York, Fed Funds were trading around 8⅞ per cent, after averaging 8.81 per cent on Thursday.

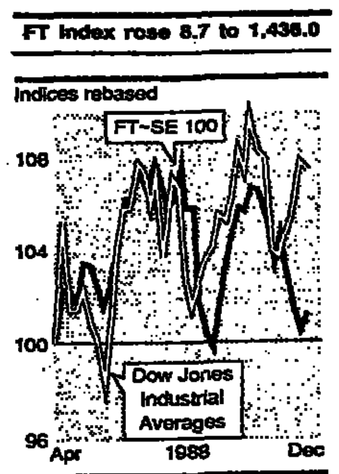
Analysts noted that the Fed's discount rate, which is currently set at 6.5 per cent, tended to lag behind interest rate rises in money markets.

Sterling ended the week on a firm note, dipping against the stronger dollar but rising against the D-Mark.

Money markets, Page 11

THE LEX COLUMN

Making betting a two-horse race



On one level, for GrandMet to spend £331m on challenging Ladbroke as Britain's biggest bookie is merely common sense. Putting William Hill along with Mecca looks a clear case of one and one making three, the main question having been – as GrandMet's chairman put it yesterday – who would take the three and who would take the money. For Sears, the logic looks plain; any company involved in clothing and footwear, with a construction business on the side, looks well advised to batten down the hatches these days. Turning William Hill into cash on those terms could mean an instant £15m net on Sears' profits, and rather than bidding for Next, say, the company might well consider sitting on the money.

For GrandMet, the question is essentially one of price. An exit multiple of 21 may look steep for a business which is forecast to make £1m less this year than it did two years ago; but given GrandMet's assertion that the impact on this year's earnings will be neutral, cutting out duplication and installing Mecca's systems in William Hill will apparently push profits for the combined business from £40m to around £55m. Thereafter, the trick will be to convert the whole business to the Hill name while bringing margins to the Mecca level, assuming all the while that the growth in the business prompted by the 1984 legislation, and helped along by the SIS television system, will continue unchecked.

All this assumes that the Office of Fair Trading, which has expressed interest in the betting industry before, can live with the idea of two of the big four combining for a market share of over 20 per cent. If not, GrandMet will either have to sell off chunks, or forego the benefits of rationalisation. It evidently reckons it has the authorities squared, but a lot of companies have been wrong about that lately.

Avdel

There may be good reasons for all the cloak and dagger stuff surrounding the Avdel bid – and indeed anonymous cash is as good as any other kind. But if yesterday's white knight chose to proffer his 92p a share from behind a screen, it can only have been because he thought success enough of a long shot to guard against failure in advance. Banner has duly torpedoed the bid by declining to take its £5m-odd profit; and Avdel's shareholders look set to get stuck with a second-best solution at a second-best price.

For that, they can probably thank those institutions who followed the principle of sell early, sell cheap, and disposed of 13 per cent of the company in the market on Monday. The price they were offered – something like 12 times prospective earnings – must have looked a fair deal at the time; and the white knight was proving very slow to mount his horse and enter the fray. But as those who succumbed to the Rowntree dawn raid could attest, patience can be a financial as well as a moral virtue. If more of it had been exercised, Banner would not now be holding a spoiling minority of 43 per cent of Avdel.

The remaining shareholders are left hoping for a Birmid Qualcast-style outcome. If they are lucky, Banner will end up having pitched its offer at a mean enough level to ensure a large measure of success but not an outright victory. Its presence on the share register would then underpin the price until it could see its way to financing the completion of the process later on.

Markets

It would be disingenuous to suggest that the UK equity market has been enjoying a year-end rally, but at least some of the gloom that has been overhanging share prices since last month's disastrous trade figures has been dispelled. For the first time in a month, the London equity market ended the week higher than it started, and has been moving up when Wall Street has been heading lower; and much to the relief of the chartists, the FT-SE 100 has failed to fall below the 1,730 to 1,740 level. Apart from a few weeks after last year's crash, this has provided the market with a floor for the last couple of years; and the London market now stands a good chance of closing the year higher for the twelfth year running.

Although another set of nasty UK trade figures next week could easily puncture the party spirit, the markets have held up reasonably well in the face of rising interest rates around the world. This week's flow of UK economic statistics has been reasonably encouraging, and anecdotal evidence suggests that consumer spending may be starting to slow while industrial output is holding up, and the pound has not gone through the roof. It is early days yet, but the medicine may be beginning to work, and the side-effects may not be as terrible as sometimes predicted.

However, the calm in the financial markets could easily be disrupted. Although short-term US Treasury bill rates have risen by close to 70 basis points since early November, the recent strength of the dollar remains mildly surprising, given that the monthly US trade deficit has stopped shrinking and now seems stuck at an annual rate of well over $100bn a year. In the absence of further rises in US interest rates, the holiday season could once again be marred by a repeat of last year's run on the dollar.

M&G Group

Given that M&G's share price has fallen by over a fifth since Mr Alan Bond sold his 13.4 per cent stake last month, its advisers clearly had to call in a few favours to ensure that such a sizeable chunk of Britain's biggest unit trust operator ended in safe hands. However, yesterday's virtually unchanged full year pre-tax profits from M&G suggest that this rather touching show of institutional loyalty – the Bond stake was placed on a multiple of 16½ times earnings – is not as misplaced as the share price might indicate.

In an industry which has been savaged by the collapse in the equity market and the retreat of the private investor, M&G's performance stands out. Whereas competitors like Henderson Administration are suffering from over-ambitious cost structures, M&G is profiting from its conservative stance and better than average investment performance. Longer-term, however, M&G's success is linked to the continuing existence of thriving independent intermediaries, and this is by no means ensured.

Currie

Continued from Page 1

try over the extent to which the Government should seek to minimise what is still regarded as a serious increase in the incidence of salmonella.

The Labour Party sought to maximise the Government's embarrassment over the episode with the charge that Britain's taxpayers were being forced to pick up the bill for official incompetence.

Mr David Clarke, Labour's agriculture spokesman, said Mrs Currie's "indiscreet and irresponsible statements" had devastated the egg industry and had ruined the livelihoods of many poultry producers.

Both Mr Clarke and Mr Robin Cook, Labour's health spokesman, plan to return to the attack when Mr MacGregor announces details of the buying-in scheme on Monday.

Mrs Thatcher swifty announced that Mrs Currie's job would be taken by Mr Roger Freeman, formerly parliamentary under-secretary of state at the Defence Ministry.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Bayer Hypo	360	+	10
Bayer Verein	355.5	+	11.5
Man	249	+	7
Mannesmann	211	+	7.2
Siemens	519	+	16
Falls			
BMW	515.5	–	4.5

NEW YORK ($)

Rises			
Caesars World	31⅞	+	1⅞
Inco	24⅛	+	¾
Pillsbury	62¾	+	⅛
Tiger Intl.	19⅜	+	2½
Universal Foods	35⅝	+	1½
Falls			
Federal Express	46¾	–	½

New York prices at 12.30.

PARIS (FFrs)

Rises			
ELF	369.9	+	10.9
Gal. Lafayette	1162	+	61
Michelin B	180	+	6.2
Falls			
Lab R. Bellon	1693	–	57
Moulinex	97.4	–	2.5
Soc. Generale	520	–	16

TOKYO (Yen)

Rises			
Denny's Japan	3650	+	240
Godo Shusei	1500	+	100
Ichida	1230	+	90
Falls			
Gajoen Kanko	971	–	79
Oriental Yeast	1390	–	170
Taito	1160	–	110

LONDON (Pence)

Rises			
Bass	788	+	11
Crest Nichol	185	+	8
Enterprise Oil	546	+	10
Etam	143	+	11
Hambros	221	+	7
Ladbroke	433	+	6
Local London	504	+	15
LASMO	482	+	7½
Lonrho	340	+	9
M & G Grp.	267	+	6
Midland	411	+	7
Priest Marians	405	+	11
Racal Telecom	172½	+	7
Scholes Grp.	255	+	10
Sedgwick Grp.	226	+	7
Stanley Leis.	255	+	22
Tate & Lyle	809	+	13
Taylor Woodrow	585	+	6
Whitbread A	297	+	8
Yale & Valor	304	+	9
Falls			
Beecham	471	–	3½
Wellcome	401	–	8

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	11	52	Dallas †	F	-2	28	Madeira	S	19	66	Prague	C	-3	27
Algiers	C	15	59	Dublin	S	6	43	Madrid	S	5	41	Reykjavik	C	1	34
Amsterdam	Dr	7	45	Dubrovnik	C	1	34	Majorca	S	14	57	Rhodes	F	14	57
Athens	S	4	39	Edinburgh	S	6	43	Malaga	S	15	59	Rio de Janeiro	–	–	–
Bahrain	S	23	73	Faro	S	15	59	Malta	F	9	48	Rome	S	4	39
Barcelona	S	10	50	Florence	F	4	39	Manchester	F	7	45	Salzburg	S	-2	28
Belfast	S	6	43	Frankfurt	S	0	32	Melbourne	S	33	91	S'Francisco †	F	8	46
Belgrade	F	-3	27	Geneva	S	2	36	Mexico City	–	–	–	Santiago	–	–	–
Berlin	C	-1	30	Gibraltar	S	15	59	Miami	–	–	–	Seoul	S	-5	23
Biarritz	C	6	43	Glasgow	F	7	45	Milan	S	4	39	Singapore	F	28	82
Birmingham	R	7	45	Guernsey	C	9	48	Montreal †	F	22	72	Stockholm	C	1	34
Blackpool	S	8	46	Helsinki	Fg	-1	30	Moscow	F	-6	21	Strasbourg	S	0	32
Bombay	S	32	90	Hong Kong	S	19	66	Munich	S	-3	27	Sydney	C	25	77
Bordeaux	F	8	46	Innsbruck	F	-4	25	Nairobi	C	26	79	Tangier	F	15	59
Boulogne	C	7	45	Inverness	F	6	43	Naples	F	-2	28	Tel Aviv	F	16	61
Bristol	R	9	48	Isle of Man	S	8	46	Nassau	–	–	–	Tenerife	F	20	68
Brussels	C	7	45	Istanbul	F	5	41	Newcastle	S	7	45	Tokyo	C	9	48
Buenos Aires	–	–	–	Jersey	C	8	46	New Delhi	S	20	68	Toronto †	C	-9	16
Budapest	S	-2	28	Johannesburg	F	24	75	New York †	C	-6	21	Tunis	C	10	50
Cairo	F	16	61	Las Palmas	C	21	70	Nice	C	8	46	Valencia	S	13	55
Cape Town	S	28	82	Leeds	S	9	48	Nicosia	C	15	59	Venice	S	3	37
Cardiff	C	9	48	Lisbon	S	6	43	Oporto	S	12	54	Vienna	S	-6	21
Chicago †	F	-18	-1	Locarno	S	4	39	Oslo	Fg	-2	28	Warsaw	C	-7	19
Cologne	C	1	34	London	F	9	48	Paris	Dr	7	45	Washington †	C	-4	25
Copenhagen	Dr	2	36	Los Angeles †	R	12	54	Peking	S	3	37	Wellington	S	18	64
Corfu	C	5	41	Luxembourg	S	0	32	Perth	S	27	81	Zurich	S	-2	28

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Installation error 'led to rail crash'

By Kevin Brown, Transport Correspondent

THE CLAPHAM Junction rail crash was probably caused by the defective installation of signalling equipment, British Rail's internal inquiry confirmed last night.

Earlier in the day, the death toll from the accident rose to 34 after Scotland Yard announced that a seriously injured passenger had died in hospital.

BR said an internal inquiry headed by Mr Maurice Holmes, director of safety, would not complete its work until next week. However, its "preliminary and provisional" judgments were that:

- Signalling equipment on the stretch of line where the crash occurred had been defectively installed by BR engineers, although the equipment itself was not at fault.
- The defective installation interfered with the fail-safe mechanism of the signalling system, which should have stopped all trains in the area by switching signals to red.

BR said no further statements would be made before the opening of a public inquiry, which is to be chaired by Mr Anthony Hidden, QC, and is expected to start work early in the New Year.

The internal inquiry has interviewed more than 30 witnesses, including Mr Alexander McClymont, the driver of a train from Basingstoke, who stopped to report a faulty signal to controllers.

BR said disciplinary action against signals staff was unlikely to be considered until the conclusion of the public inquiry. A full report of the internal inquiry will be passed to Mr Hidden.

Railway union officials claimed the internal inquiry had been told that signals and telecommunications staff were working 60 hours a week and had sometimes been forced to work by torchlight because of understaffing.

Maxwell

Continued from Page 1

Mr Maxwell also wants to sell his 30 per cent stake in Premiere, the film cable channel.

Mr Jon Davey, director general of the Cable Authority, the regulatory body, said yesterday: "We would welcome a new owner for British Cable Services who would show a greater ability and commitment to developing cable."

The 51 per cent Maxwell stake in MTV Europe, the popular music channel, is not for sale. Instead, it is believed he has the support of his partners Viacom of the US and British Telecom to take the channel on to Astra, the television satellite launched last week.

In January 1985 Mr Maxwell told BCS staff he wanted to increase the 95,000 subscribers to 200,000 by the year's end. The number of subscribers slowly fell. Yesterday he declined to confirm or deny BCS was being sold.

Mr Maxwell, who has a stake in TF-1, the privatised French first television channel, has said he intends to bid for the commercial television franchise held by Central Independent Television.

- The Cable Authority will next week advertise Britain's second-largest cable franchise, covering the four boroughs of the Black Country. The franchise will cover Wolverhampton, Walsall, Sandwell and Dudley and involve 450,000 homes, second only to the Birmingham franchise.

Brittan's EC role

Continued from Page 1

Commissioner, who pushed hard to take over the EC budget responsibility. He has had to settle for fishing policy and development.

Mr Bruce Millan, the junior British Commissioner, has won his battle to take over the regional aid fund. But Mr Brittan's success may account for his failure to get overall co-ordination of the Community's structural assistance.

The other Commissioners are: Mr Henning Christophersen (economic affairs), Mr Filipo Maria Pandolfi (science), Mr Carlo Ripa di Meana (environment), Mr Antonio Cardoso e Cunha (energy), Mr Abel Matutes (Mediterranean policy), Mr Peter Schmidhuber (budget), Mr Jean Dondelinger (audio visual), Mr Karel van Miert (transport), and Ms Vasso Papandreou (social affairs).

هكذا من الأجل

Weekend FT

SECTION II — Weekend December 17/December 18, 1988

The children of the London streets

***John Lloyd** returns to visit a night shelter for young people in Soho and finds the ghost of Christmas past*

Prince Edward with Holly Blake, formerly homeless and now a volunteer worker for Charity Projects. The organisation will pick out the charities which benefit from this year's Great Investment Race and FT Readers Race. For the winners and full details of these two competition results see Page III.

THIS IS BY way of an anniversary. Exactly a year ago, I wrote a piece here about how teenagers who leave home fare on the streets of London, told through the medium of a night shelter for kids in Soho, run by Centrepoint. So where do we stand now, a year later? Charity *is* kind, *does* live long, *is* the greatest of the virtues – but it is not necessarily an easy option. Judge for yourself: or as far as you can through another's description.

On revisiting the Centrepoint night shelter a year on, I met, as I had on the last occasion, people staying the night. One of them, a woman of 20 named Andrea, told me this story: she left home four years ago, after her parents parted. She discovered that stream in our culture which has flowed since the Sixties: hippy, in shorthand. She moved about, mainly in the west country, where hippy culture is strong. Two years ago she settled in Bristol taking, with others, a licensed squat, an old garage which they converted into a vegetarian and wholefood shop and restaurant, with living quarters attached.

After a brief flourish, it ran down. "A lot of horrible things happened. Someone tried to burn us out. One ofthe people in the squat died from an overdose. Three people got hepatitis. I was on amphetamines. I just forgot about eating. The rats used to come in at night. After a while I got ill and I was taken away."

Her mother took her in and looked after her. Once well, she was off again. "I've lived in three different communes. I lived in a van for a bit, moving about. I did try to go to art college but I couldn't get the grant." She works now, when she does, as a pavement artist: chalking "repro" Michelangelos on Chelsea streets. "I spend all day alone. I go into art shops to look at the paints. I draw people in cafés. (Pause). The other evening, I went into a church. I was just sitting there. This funny man came up to me and, all of a sudden, he hit me on the face." She gives a little laugh, and smooths back her hair. She is quite pretty, small and compact, hands and nails dirty and chewed but otherwise not in the least pitiable-looking. "I hate money. You must do what you feel like. If you don't it's a . . ."

These were, of course, the edited highlights of a conversation. The unedited version left a confused feeling: in part that if this woman were given a grant of money, she might, in five years, get a good job in an advertising agency; that she had an ideal of freedom and righteousness which she *was* living, day by day; that she was both a victim of family trauma, which had turned her in upon herself, and the product of her own choice of a way to live – both the uppers and the downers.

After the conversation, she took out her sketch pad and drew some of the other people sitting about in the warmth of the night shelter's eating and resting room. One was a boy of 17, whose face was indeed a portraitist's dream: white under a thick black cap of hair, wedge-shaped, with large eyes and a perfect bow-mouth. His name was Patrick O'Herlihy, he had been thrown out of his Dublin school at 14, had made a living labouring in Britain ever since. At 15, he was building a motorway through Devon. "It's good money, very good money. You life rough, though: in caravans, like, rats everywhere. Problem is, when you have the money, you drink it away, like."

His fine features were neither animated nor depressed. He was agreeable enough but found fun in nothing. "I get by on labouring jobs. You can go to an agency and get a job on site that day . . . I like living away from home all right, but I don't like London. It's so . . . impersonal. I don't like the Londoner's attitude. I like the outsiders here. I like the Australians and the Irish and the Scotch. I've met people here from Liverpool, from Newcastle. I don't think I've met a real Londoner. But I don't go home if I can help it. "I live in bed-and-breakfast mainly. For a flat, you need a lot of money. I don't save money here. How can you? You need money to be sociable here. You can have a good night out at the pub but it costs you. By Sunday, you're back to square one."

He wants to learn carpentry but he will have to buy his tools and serve his time – or pretend he has. "An awful lot of the men on site have no qualifications. They just work their way into the trade. The standard can be pretty bad. You can learn it in six months and I've just about done it. But I need the tools."

Patrick's story prompts the thoughts that the buildings now being erected in Klondike-London might not be much better equipped to withstand Richter eight-plus than Armenian ones; that the gap between his present state and becoming a skilled worker is presently very narrow and could be bridged with a bit of help; but that, as the years pass and if the booze takes over, it will become unbridgeable and he will be just another drunk, reeling about Kilburn, waiting blearily for the Transit at 5.30 of a cold morning, the ever-poorer, ever-bloodier infantry of the front line of the building sites.

As a brisk antidote to sentimentalism, about Andrea or Patrick or any of the others, the shelter was given a good beating-up a week or so after my visit by a gang of skins who had got in for the night. The night after that, Prince Andrew turned up quietly to have a look at the place, which gave the inmates a treat and kept a royal on side, which is handy in this line of work. Although different, these two events point to a common theme. This year, comparing the situation with last, *things are getting worse*.

Much of this is a political matter. The Government, according to Nick Hardwick, Centrepoint's director, "genuinely thought that these kids just need a good sharp talking-to, a bit of discipline – or that they're idle layabouts." Jonathon Cheshire, director of the Housing Services Agency (it seeks to provide cheap flats for young singles), adds: "The Government assumption is that kids have a warm, loving family and they should be encouraged to stay in it."

Such assumptions, say these workers, have led to changes which are designed to make it harder to leave home. From April this year, benefits were paid two weeks in arrears rather than in advance – yet bed-and-breakfast hotels demand payment on the nail. In the same month, the proportion by which benefit was reduced as incomes rose was increased; this hit the low-paid, often the young, disproportionately. From September this year, those under 18 lost any right to benefit unless they joined a Youth Training Scheme. The harrassed Department of Health and Social Security offices are becoming more harrassed.

In 1979, there were more than 50 claimants to every DHSS civil servant: now, there are more than 80. Not surprisingly, these civil servants have a quick turnover – some 55 per cent leave every year and, in the busiest offices, it can rise to 100 per cent. But is it so wrong that 16-year-olds are compelled economically to be trained? The problem there, says Hardwick, is that the kids in London can't get on to YTS because they need all their time and energy to survive. He argues: "Since about half the people who used to use bed-and-breakfast now (after the changes of 1988) can't get in, they're living on the streets: and that is a full-time job."

So what is it now like on the London streets? All the care-workers say the same thing: there's been an explosion in squatting, in drug-taking, in sexual predacity. Mick Baker, senior social worker at the Soho project, says that when they interviewed a sample of their young clients in January-March this year, 8 per cent said they were squatting and 11 per cent sleeping rough: in July-September, the sample reported 20 and 21 per cent. "Again, there are many more young people begging. Another thing: we've become increasingly concerned with young people becoming really bitter. It doesn't show itself always on violence on other people . . . they get drunk, or high on drugs. It somehow makes life more bearable."

Life on the streets can be pretty unbearable. One of Hardwick's clients recently was a lad named Brian, who had been squatting. His parents had thrown him out: he went from squat to squat. In one, some older men set upon him, slashed him, poured melted plastic on his hands and tossed him on the streets. He went back to his parents and they refused to take him in. He went to Centrepoint but then had to move on. He is still moving, as far as is known. As state support drops; because the once-generous Greater London Council has gone; and because the relatively open-handed Labour-controlled boroughs close their fists tight as they struggle with huge deficits, so the agencies such as Centrepoint, Soho Project and the Housing Services Agency all lose out. Says Baker: "The battle with the Government has been lost. Charity is a dilemma but we don't have much option."

The dilemma, stated simply, is this: raising charitable money takes time, and that time has to be taken off work on the streets. Further, charitable giving is now showbiz – and not just real showbiz, such as the Comic Relief shows which Jane Tewson, who runs Charity Projects, also organises. They are also showbiz in the sense that a plight has to be dramatised. "What's wrong with that is that not all homeless young people are 15-year old prostitutes on drugs. To sell that as an image to get money means that you do get drama, but you lose sight of the structural problems," she says.

That, I think, is the core of the unease felt not just by me in writing about this area but, much more acutely, by all in it – Tewson, Hardwick, Baker and Cheshire. It is not just that they feel, always, as if they are scratching the surface of a great sore; it is that the relationships which a greater reliance on charity inevitably set up are not those which they would necessarily choose. It means wheedling, dramatising, hustling, flattering. Yet, what else is there? Says Pete McGinley, the sardonic Glaswegian who is Centrepoint's most experienced worker: "No government will ever restore the cuts to benefits. We have had the best."

Charity, thus, has to evolve a practice which neither exploits nor makes dependent the objects of it, and which can strike up a relationship with the donors which goes beyond guilt and sentimentalism. All the charities and voluntary agencies, now, are shifting themselves into this area: one in which ethical choice is sharp, but at least is being debated in a way it has not been for decades.

Back in the Soho Shelter, it is coming up for midnight and the clients are being shunted off to bed. Patrick McKenna, an 18-year-old from Liverpool, is talking about why he came to London: "I didn't want to spend my life on street corners, like my mates." He, like the other Patrick, gets building labourer jobs fairly easily but he wants to move on, to Australia. "Before I came down here, you see the glamorous side to it. When you get here, you see the poverty. You don't see all that many beggars on Merseyside." Andrea chips in: "When I was on the Piccadilly tube today, I saw a boy with a board saying 'hungry and homeless'." She gives her little laugh.

The eating room is cleared and McGinley and the other workers gather round to discuss their night's charges. They take huge care with identification, following up cases. Hardwick and McGinley mention what happened to some of the kids I interviewed last year. One, named Dawn, who had spun a line to me about being from Pitlochry (complete with a wonderful Scots accent; she was from Harrow), has a job. Another, a terribly withdrawn boy called Mouse, is "lost" and thought to be working as a prostitute. A third, Dave, had fooled both them and me with a fine tale about having just come down from Tyneside, a victim of structural unemployment, and is still rattling around town – as he had been doing for some months before I met him. It remains true, however, that in their fantasies is the clearest truth: all of them have withdrawn, a little or a lot, from "reality." That, most of all, makes life bearable.

At 12.30, as happens every night now, a load of leftover bread is brought down the road from the Groucho Club, Soho's trendiest meeting place.

■ Information: Centrepoint night shelter, Dean Street, London W1; Charity Projects, also Dean Street, tel: 01-287-0833.

The Long View

Uncovering the secret of excess

BARRY RILEY

1988 has been one of those years when the City and industry have been unable to see the world in the same light

"WHY DO YOU always adopt such a negative attitude?" complained a reader last summer. Looking back over my columns during 1988, I can see what he meant. But it has undoubtedly been a year for conservatism about markets and the economy. I hope he does not believe my caution is permanent. You never know, one day soon it *might* be right to look on the sunny side again.

Conditions have been particularly difficult in the UK. Basically, the British equity market has gone nowhere in 1988: it reached 1,747 on the first trading day of January, whereas this week it has been trading around 1,750. In fact, the market has fluctuated within a remarkably narrow trading range, of 1,880-1,740 on the Footsie.

My stance on UK equities a year ago was that they represented solid long-term value but that better short-term opportunities probably lay ahead. A year later that opinion continues to hold good, although it has still to be proved right or wrong.

My view was based straightforwardly on the excessive strength of the economy. Short-term interest rates would prove much more volatile than in 1987, I thought. As for the balance of payments, there would be "some very bad individual months of deficit," sufficient to put the trade returns back on to the front pages.

I was, however, rather less accurate in my global view. I thought it improbable that the imbalances between the US and Japan could persist without some sort of adjustment, even though I did not foresee anything resembling a second crash. But, in the end, the Americans were able to survive the election campaign without tackling any fundamental problems. I underestimated their ability to muddle through.

In fact, it has been generally a good year for equity markets around the world. The FT-Actuaries World Index is showing a 23 per cent rise in sterling terms, gaining strength from a two-fifths advance by the Japanese sub-index. However, a strong global economy is now generating some inflationary pressures, including firm commodity prices and a rise in Continental interest rates.

Back in the UK, the year brought an early puzzle. In anticipating the March Budget, with its advance grapevine promises of tax cuts, I judged that in booming economic conditions any fiscal concessions would have to be balanced by monetary tightening. To my astonishment, interest rates actually were pushed lower, and it was June before Chancellor Nigel Lawson was forced to lurch heavily in the opposite direction along the road that has now taken us to 13 per cent base rates.

The tarnishing of the British economic miracle did not come without advance warning. Front covers of US business magazines are cherished by stock market contrarians for their unconscious ability to signal turning points. When *Fortune* last May ran a cover story on the theme "Britain is Back!" it proved to be a timely indicator of better investment opportunities elsewhere.

Monetary policy in the UK has been baffling in its volatility. We began the year with the Treasury still pursuing its closet policy of a link of sterling to the deutschemark at just under DM3. When that proved impossible to hold, the Chancellor was reduced to warning that any significant further rise by sterling (then DM3.07) would be "unsustainable".

All too soon, however, inflation and the balance of payments emerged as the major problems. Recently, Lawson was therefore proclaiming that sterling, at DM3.20, would remain strong "for the indefinite future." But I wonder if he will be any better at achieving consistency in the future.

It seems that the Chancellor has been so proud of his achievements in building a healthy budget surplus and cutting unemployment that he has been distracted from his other responsibilities. Private sector imbalances, according to official dogma, can be left to the private sector to solve. This is all very well, except that private sector adjustments – such as the 1987 stock market crash – are often disorderly and even violent.

In May, I wrote about the risks the Government was running in tolerating unreasonably rapid credit growth. But it was not until July and August that shocking trade figures brought home the scale of the pressures that had developed. Lawson has admitted that his forecasters misled him last spring over the likely strength of the British economy. They should have looked at the mortgage lending boom more closely. Buying power has leaked profusely out of the housing sector, helping to fuel this year's exceptional 6 per cent increase in real consumer spending.

As events unfolded, I found it necessary to set out the patterns of credit-based booms of the past. There is a consistent pattern to the relationship of financial markets with the economy. The sensitive and volatile stock market is the first to boom and the first to crash. The house market, which is related more directly to consumer confidence and earning power, crumbles perhaps a year later. Then the economy itself peaks out, after a further six to nine months. We are now entering the final stage of this sequence, as is starting to be evidenced by news of slashed textile company profit forecasts and ousted retailing tycoons.

For most of 1988, the City of London and British industry have been seriously at odds. The securities markets have been shrouded in self-generated misery, while business up and down the land has been booming as never before in 15 years. Company directors have found the City's gloom both inexplicable and infuriating. That this gap in perceptions is now narrowing as 1988 comes to a close is not a cause for celebration.

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FINANCE & THE FAMILY: THIS WEEK

Investment Races: the winners and losers

The Great Investment Race ended yesterday with a thrilling dash for second place in the closing stages behind the clear winners Prudential. The Japanese securities house Nomura boosted its stake by £100,000 to take second honours. But the real winner is Charity Projects, which now has a grand total of more than £809,000 to distribute to the young homeless, disabled and those with alcohol-related problems. The FT Readers' Race also finished yesterday, and was won by Major E.W.S Anderson of Fownhope, Herefordshire, who receives £5,000 of Holborn unit trusts. Page III

Leaders and Laggards

Hands up all those who picked Titaghur Jute Factory as the best performing share in 1988. Philip Coggan and Vanessa Houlder wrap up a seasonal report on the leaders and laggards over what has proved to be a difficult year for the equity markets. Page III

Newcastle Pilgrim's progress

Newcastle-based stockbroker Wise Speke plumped for the "user-friendly" name of Pilgrim when it set up its financial services subsidiary. Ian Hamilton Fazey looks at how the firm is attracting a new breed of investor in another in our series on regional stockbrokers. Page V

Change of habits at the Abbey

Long-standing investors in the Abbey National are shortly to be called on to consider the society's plans to shed its mutual status and become a quoted company. The society is even offering free shares to its investors. David Barchard looks at the choices. Page VI.

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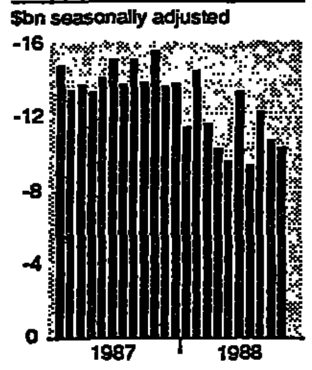
■ **EXPATRIATES: Paying for best advice: Page VI**

■ **BRIEFCASE: Your questions answered: Page VI**

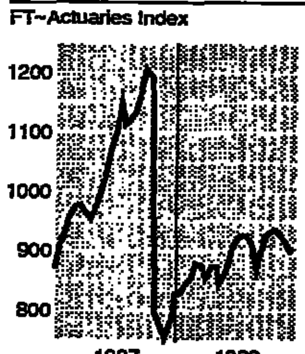
US Trade Deficit

$bn seasonally adjusted



Investment Trusts

FT-Actuaries index



Improvement in US trade deficit

The US trade deficit improved by $0.4bn to $10.3bn in October. This reflected falls in both imports and exports from high September values, and the change in the balance was more than accounted for by a sharp rise in export deliveries of aircraft. There was, however, a surge in shipments of manufactures, which was widely expected. The figures confirmed the view that progress in cutting the trade deficit is slow and that manufacturing industry is running at high capacity levels. *Heather Farmbrough*

Investment trust sector shines

The investment trust sector has been one of the better performers this year. Average trust prices have appreciated by 17.6 per cent to give almost two and a half times the return of the FT-A All Share Index. The most spectacular recovery in performance came in the first few weeks of January this year. **How investment trusts fared: Page V.** *Heather Farmbrough*

Property market rush 'is over'

The scramble for houses is over, according to the Royal Institution of Chartered Surveyors' survey for the quarter ending in November, published this week. The north continues to be more buoyant than the rest of the country, but there has been less activity as the ripple effect from the south is felt. The survey confirms that there are far fewer property transactions in London, while in Ealing, for example, prices have fallen by between 5 and 8 per cent.

Warning on base rates

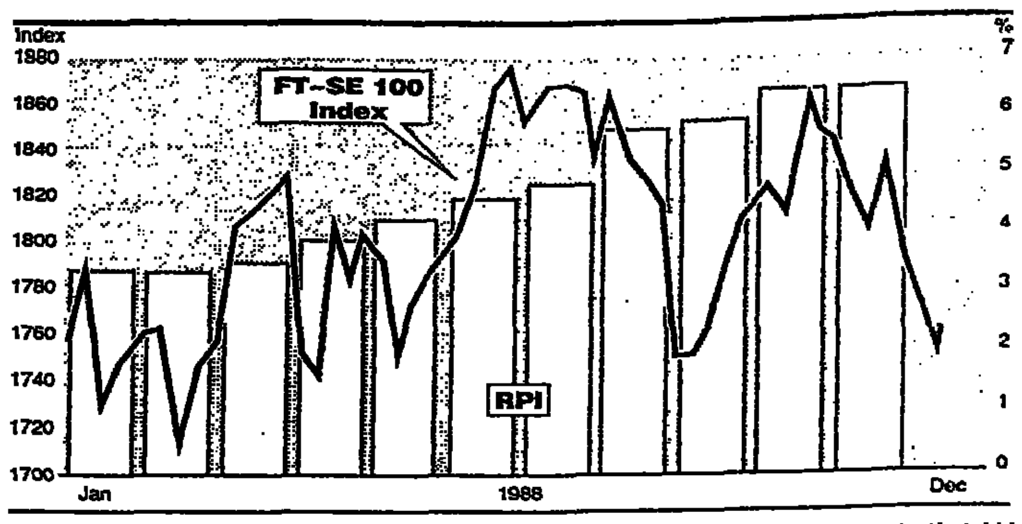
After pretending to be Santa Claus with a "cheap" issue of British Steel, the Chancellor has now donned the mantle of Scrooge, according to Legal & General Investments' latest overview of the investment market. It argues that if we cannot resist the temptation to overspend, particularly on foreign goods, another base rate rise in January could be on the cards, and so the chances of an economic hard landing are increasing.

Bank to buy back gilt-edged stock

The Bank of England will conduct an unprecedented experiment in buying back gilt-edged stocks by holding a reverse auction for 10% exchequer stock 1989 and 11% Exchequer Stock 1989 on January 13 1989. Holders of these are invited to sell all or part of their holdings. Applications to sell must be submitted on the printed application forms available from the Banks of England and Ireland, and from any office of the International Stock Exchange in the UK.

LONDON

Footsie takes comfort from a feast of figures



A SMALL tide of comfort – if not much joy – has finally washed over the London market. To say that London dealers were in festive mood this week would be pushing the point a long way. But, after the traumas of the recent trade figures followed by the lay-offs at Morgan Grenfell, the equity market has finally managed to negotiate five trading days without any serious calamity.

It even managed to take some heart from the week's supply of US and UK economic data, which included Britain's November inflation figures. By Friday afternoon, the FT-SE 100 Share Index was showing a 22-point improvement on the week – not exactly celebratory, but at least the first upbeat tone this month.

The week, it should be said, did not start particularly well. At face value, Monday's news that the retail sales volumes in November showed a modest 0.5 per cent decline should have been cause for some cheer for those who worry that the economy is overheating. This compares, after all, with the 2 per cent volume rise in October, and was at the lower end of economists' estimates. The Lawson medicine – high interest rates as a clamp on demand – could be assumed to be having some effect.

Well, maybe. For a start, the market is now highly suspicious of any single monthly movement. Moreover, only a few hours earlier it had learnt the outcome of the latest Confederation of British Industry survey, suggesting that industry is still confident about raising output in the next few months, in turn prompting fears that demand levels remain relatively robust. The export picture, on the other hand, looks more subdued, with manufacturers continuing to protest about high interest rates and their subsequent effect on sterling.

The following day, it was the turn of the US data to cast a pall. Some unexpectedly high figures for the increase in US retail sales during November rekindled the old interest rates fears, prompting thoughts that another international round of rises might be on its way.

But by Wednesday, sentiment had begun to turn, with the US itself going some way to repairing the damage. Its October trade deficit was, at least, no worse than anyone feared. And come Thursday, the spotlight turned to the happier sight of UK wage inflation, apparently showing tentative signs of slowing down. An underlying increase of 9 per cent in October compared with a 9.25 per cent year-on-year rise in September. Even news of further City redundancies – 35 jobs to go at Kleinwort Benson's equity operations – failed to halt the market's tentative rally.

By Friday, all eyes were back to inflation itself, which showed a rate 6.4 per cent for November, unchanged from the previous month. That, almost comfortingly, was exactly in line with analysts' expectations – although most now warn that the figure will probably edge up in December and may head to well over 7 per cent in the first few months of 1987. Nevertheless, with an almost audible sigh of relief, the London market added nine points to Footsie in the morning session alone.

Yet the very fact that the market is so obsessed with every statistic to flash across the screens tells much of the story. For months, London investors have been unsure as to how, when and if the current corrective measures will take effect, or even whether the present clamps on demand are sufficient. There was never much reason to suppose that the answers to these questions would be forthcoming in the short term. There is certainly no reason to change that view now. In the meantime, wariness is the watchword.

Perhaps the clearest example of investors' current caution arose last week in the new issue market. Compass, the catering and healthcare company which was bought out by management for Grand Metropolitan and is now planning to come back to market, saw only a 68 per cent take-up of its £55m offer for sale. The shares, moreover, had been priced on a historic earnings multiple of 12.6 times – scarcely outlandish by anyone's reckoning.

More inevitable, perhaps, was the response to jewellery group Ratner's £81m rights issue, designed to help finance its Zales/Salisbury stores acquisition from Next. Amid the gloom surrounding retailers, Ratners shares had ended the previous week at 168p, well below the 175p offer price. Given the absence of a miracle in market conditions, it was perhaps surprising that as much as 35 per cent of the issue should have been absorbed by existing investors.

These undecided conditions also appear to be provoking less-than-seemly behaviour on the bid front. Much has been written about short-termism, but the sight of certain institutional investors selling shares in Avdel, the former Newman Industries, to its unwanted bidder, US-based Banner Industries, on Monday morning looked particularly unedifying.

Not only can the target argue that Banner's gearing levels will hardly enhance its future prospects, but the battle had yet to reach its final throes and some share sales were made *after* Avdel's announcement that a white knight could be in the wings. No doubt year-end portfolio valuations are in every institution's mind but – grim market conditions not withstanding – such behaviour does little to bridge the gulf between City and industry.

Perhaps the one comfort for market operators is that bid activity itself shows little sign of waning. Thomson T-Line, having distressed some followers with its planned acquisition of David Abell's Suter group, found the tables turned as Ladbroke launched a £165m bid. For Ladbroke, the rationale is simple: once it has disposed of Thomson's other assets, it could be left with the Vernon pools subsidiary for a fairly acceptable price. Unfortunately, such logic applies for other potential buyers too.

Grand Metropolitan, meanwhile, seldom seems out of the limelight these days; still tussling with Pillsbury in the US after raising its offer to $63 a share, and on Friday acquiring the William Hill betting business from Sears for £331m.

As for the "Euro" event of the year – the £1.7bn assault by the UK's GEC group and Germany's Siemens on British electronics and telecommunications group, Plessey – action has now shifted to the legal arena. In innovative style, the target company asked the British courts to delay the bid until the European Commission decides on whether the offer is permissible under European competition rules. It is, one suspects, only the beginning of the complications between national and pan-European regulatory bodies which will doubtless abound as 1992 approaches.

Nikki Tait

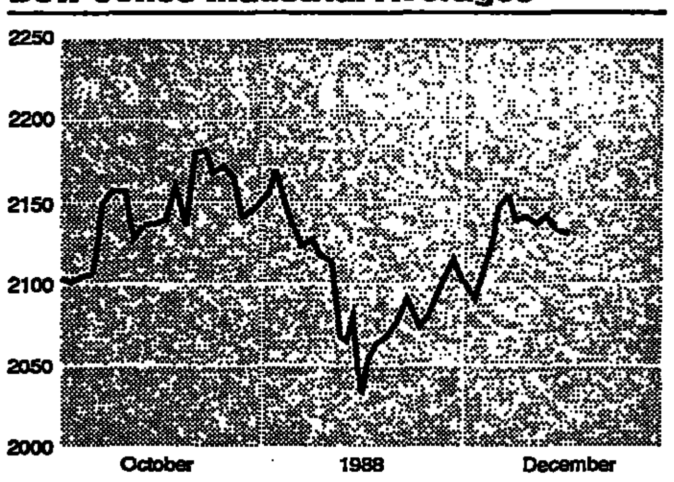
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1436.0	+6.6	1514.7	1349.0	Favourable economic data.
Aitken Hume	46	-10	108	43	Gloomy interim figures and cash call.
Brit. Petroleum	259½	+11½	302	233	Poss. minerals division sale to RTZ.
Chrysalis	118	+17	148	100	Management buy-out talk.
Coats Viyella	135½	-10½	287	131½	Profits warning.
Enterprise Oil	546	+61	695	257	Golden share expires at year-end.
Ex. Co. Louisiana	108	-31	153	63	Progress report disappoints.
Havelock Europa	155	-135	335	155	Poor interim results.
Health Care Services	83	+25	93	55	Possible bid approach.
Johnstone's Paints	152	+34	154	98	Receives bid approach.
Local London	504	+64	555	408	Bid speculation.
LASMO	482	+41	595	271	Enterprise stake sale speculation.
Racal Telecom	172½	+14½	178	156½	Good maiden rslts. Analysts meeting.
Ryan Intl.	133	+31	157	88	Management buy-out.
Thomson T-Line	87	+36	108	51	Ladbroke bid 80p a share.

WALL STREET

Investors await Fed's signal

Dow Jones Industrial Averages



DOGGED by the "will he or won't he?" question, Wall Street markets bumped through a week of uncomfortable economic news wondering whether Alan Greenspan would raise the US discount rate.

Stocks languished and bonds slipped while investors waited for a clear signal from the Federal Reserve chairman about the next stage of the central bank's monetary policy. All they got by yesterday lunch-time was a further upward nudge in Fed Funds, the rate at which banks lend reserves to each other.

It was more of the same strategy the Fed has pursued most of this year. In increments of about one quarter of a point the Fed has nudged the rate from just under 6 per cent in March to around 8¾ per cent now. It has paused after each increase to see if the slightly higher rates were sufficient to curb economic growth and thus dampen inflationary pressures.

Opinions are split within the Fed, Wall Street and corporate America about how great the pressures are. It seemed this week that Wall Street wanted rates to rise, while the other two parties were prepared to take a more cautious approach lest sharply higher rates triggered a downturn next year.

Considering markets' sensitivity to inflation and interest rates, they took this week's economic news quite well. A raft of statistics added support to the inflationary theory. Retail sales jumped 1.1 per cent in November and October's were revised up to a 1.6 per cent gain; industrial production expanded 0.5 per cent and plant capacity utilisation increased 0.2 percentage points to 84.2 per cent, the highest level in nine years.

The news was a bit brighter yesterday with the Producer Price Index rising a moderate 0.3 per cent in November and 3.8 per cent since the beginning of the year.

With all these macroeconomic trends and policy issues preoccupying equity investors, few were prepared to trade, leaving most of the action to short-term professional traders, particularly the computer-assisted crowd. Programme trading was considered the reason for most spurts of stock activity.

Even though the Dow Jones Industrial Average ended the week pretty much where it began, several sectors gave food for thought to investors. Most notably, stocks of many "super-regional" bank holding companies were hit hard after a leading one, First Fidelity Bancorp, said it would report a fourth quarter loss of $145m to $190m – probably wiping out profits from the first nine months – because of loan losses at its Philadelphia and London branches.

The news heightened investors' fears that some of these institutions have grown so fast that they have strained management systems. Worse, some might have lent money to less-than-solid customers in their dash to sew up new territories.

Super-regionals have been something of market darlings. The theory is that they are a new breed of cost-efficient banks unencumbered by the overheads and bad old loans, such as Third World debt, that bog down the traditional money centre banks.

The regionals have sprouted rapidly in recent years as states have opened themselves to out-of-state banks.

Some have done spectacularly well and are shouldering major roles in US industry. For example, NCNB, a North Carolina company, for example, has taken over First Republicbank, the Dallas holding company broken by the Texas real estate crash. Wells Fargo, number three in California, is considering a bid for MCorp, another major Dallas company similarly thrown on the mercies of a federal bailout.

First Fidelity, based in New Jersey, said that its problems were only with two branches of Fidelcor, the Philadelphia bank holding company it acquired in February for $1.3bn. First Fidelity's president and a vice chairman, both former Fidelcor officers, resigned when the loan news broke and the market lopped 25 per cent off the company's stock price.

Blaming a few wayward loan officers sounded eerily familiar to investors who remember the origins of the Continental Illinois crash in 1984. The big Chicago money centre bank had casually stuffed its portfolios with rotten energy loans generated by a handful of people at Penn Square, a small Oklahoma bank.

Nobody was suggesting that First Fidelity's problems were anywhere near as great. But analysts were quick to point out that many super-regionals, particularly in northeastern states, have plunged with slender experience into real estate and construction lending in recent years. Come a recession, the fallout could seriously damage the banks' financial health.

Monday	2,139.58	− 3.91
Tuesday	2,143.49	+ 3.91
Wednesday	2,134.25	− 9.24
Thursday	2,133.00	− 1.25

Roderick Oram

JUNIOR MARKETS

Toying with expansion

AS JO famously remarked in Louisa M. Alcott's children's tale *Little Women*, Christmas wouldn't be Christmas without any presents. But as far as the toy trade is concerned, the season is merely the run-down to the early months of the year when the international toy fairs – crucial for checking out what the competition will be next time – take place.

So the flotation of a new recruit to the Unlisted Securities Market's toy manufacturing sector, which isexpected to occur towards the end of January between the Harrogate and Earls Court fairs, and ahead of the Nuremberg meeting, could hardly be better timed.

Cassidy Brothers, the USM would-be debutante in question, is a family-run concern based in Blackpool with sales last year of around £4m.

The flotation is not going to raise it any new money. But according to chairman Tom Cassidy the plan is to get used to operating on the public arena for "a modest amount of time" and then explore possibilities of expansion, diversification and acquisitions financed by the market.

It is not exactly leaping new-fledged onto the USM scene. Cassidy, 68, produced his first toys in 1945 and is currently looking forward to seeing old friends at what will be his 29th visit to the Nuremberg fair in February. But he is anxious to stress there are also much younger members of the management team.

Nevertheless, Cassidy's products have changed remarkably little since the very early days.

Those who remember as children 30 years ago being proud owners of Cassidy's Super Cash toy cash register may be surprised to find that it is still a steady seller today, well-chronicled advances in point-of-sale technology notwithstanding.

About 40 per cent of the products are faithful miniatures of branded household appliances – Hoover washing machines and the like.

Cassidy says that many of the manufacturers of the originals granted permission for their names to be used so long ago that they had quite forgotten about it when it came to contacting them recently to check, for flotation purposes, that the agreements were still current.

Recent product introductions have seen Cassidy exploiting the same old formula with the first-time production this year of a miniature Kenwood Mixer, which apparently looks just like the original, but with a handle on top.

"Some things don't change. Little girls still like to pretend that they're vacuuming and cooking, just like their mothers," said Cassidy. "Or their fathers, of course," he added.

It is much to be hoped that junior tastes do not change if Cassidy is to join the other two toy manufacturers quoted on the USM, Bluebird Toys and Hornby, in showing that the British toy industry is alive and well despite the many disasters during the recession at the start of the decade.

Cassidy Brothers prides itself on the fact that it survived this grim period partly because as a self-sufficient manufacturing unit it could control its costs.

Ever since Cassidy's brother Joe, an engineer and tool maker, joined in 1950 the concern has been producing its own tools with which to make the toys.

Shares in Mrs Field were the worst performers on the junior market of 1988

The company made pre-tax profits of £451,000 in the year to May. Cassidy said that he expected an increase in turnover in the current year of about the same order as the last increase, about 18 per cent.

Elsewhere in the market, this week saw Mrs. Fields, the US cookie manufacturer and retailer which has had a grim record since joining the USM in 1986, still ploughing on doggedly with the announcement of a new joint venture company in Europe.

At the last reckoning by stockbroker Hoare Govett, shares in the company were the worst performers on the junior market of 1988. At the pre-tax level, Mrs Fields made only $323,000 in the six months to end-June; and after a hefty exceptional item for the closure of over 100 stores in the US, the actual loss was $15.1m, against $7m profits in the comparable period.

Undaunted, Randy Fields, co-founder of the company, describes the new joint venture with Midial, a French food company, as "a massive expansion of our European effort."

But since Midial will own 99 per cent of the company, the immediate benefit will be $12m in cash towards reducing borrowings, and royalty payments starting at 0.5 per cent of net sales until December 1990.

Clare Pearson

British Steel: sell or hold?

IT SEEMED a good idea at the time: buy British Steel privatisation shares, sell them straight away and use the profits for Christmas presents. After all, the strategy has worked for most previous flotations. However, British Steel opened at a mere 3p premium to the 60p partly paid shares on the first day of dealings (December 5) and has not moved much since.

Even when small shareholders received allotment letters on Monday or Tuesday there was not exactly a flurry of activity, although volumes picked up a little, with 16m shares traded on Thursday. As analyst Colin Fell at Kleinwort Benson says: "It's the dullest newly privatised issue I've seen – but that is not the company's fault."

So what should shareholders do? Most will only have a small number of shares, because of the way in which the allocation was skewed towards small investors, particularly the 500,000-odd people who applied for 1,000 shares or less. Is it worth holding on?

On the plus side, BS is at least very unlikely to underperform the market in the immediate future. According to analyst Jeff Ware at County Nat West: "I don't see the shares doing much, because of the economic outlook for next year. British Steel will probably track the market."

This is because BS will be a required holding for many large UK funds due to its size. BS is one of the largest constituents of the FT-A All Share index, representing roughly 0.75 per cent. BS accounts for more than half the market capitalisation of the FT Actuaries Metals & Metalforming sector. In January it is expected to join the FTSE-100 index, which means FTSE-100 index funds will have to buy the shares to have a market weighting.

The second reason is that prospective high yield of BS will make it an essential holding for large income funds. On the forecast net dividend of 7.5, the running yield on the partly paid shares is 10.3 per cent.

But the first 5p distribution will not be made until August 1989, and as Jeff Ware says: "Income funds are not falling over themselves to buy; they tend to switch in a few weeks before the dividend." Nevertheless, as markets are expected to be dull in the future, income stocks are a good defensive hedge.

But does the high yield compensate for the risks in investing in a highly cyclical industry? Current steel output is at unsustainably high levels and is likely to fall. BS would be vulnerable to a decline in economic activity, while it is also vulnerable to swings in the exchange rate as nearly 40 per cent of its costs are US $ related, while as much as 70 per cent of its revenue is DM related.

'BS is very unlikely to underperform the market in the immediate future'

Some analysts believe that BS has come to the market at the top of its earnings cycle. Over the last seven years, the company has been restructured, with 35 plants shut and manpower reduced by two-thirds. However, the recovery is sound. BS is the most profitable steel company in Europe and there is still scope for improvements in efficiency.

The profit record provides proof of the recovery. From a loss of £1.8bn in 1979/80, the company reported pre-tax profits of £419m last year and expects to make at least £500m in the current year.

On the plus side for shareholders, the dividend is comfortably covered by earnings and should be maintainable even in adverse economic conditions. As an income stock, BS may well be a sensible long-term investment, but investors looking for capital growth could be in for a volatile wait.

Stephen Cooke at Gerrard Vivien Gray says that, for small shareholders, "BS feels like a long-term investment all of a sudden," and recommends selling from 57p upwards if you do not want to hold on.

The next question is how to sell. There are dealing schemes on offer which may be cheaper than dealing through your normal stockbroker.

Sharelink is offering a special discount commission of 0.75 per cent with a minimum charge of £11.00 plus VAT. Cheltenham & Gloucester building society allows up to five members of a household the chance to sell their holdings together for one commission charge, with a minimum commission of £18. Barclays Bank also allows two members of one family to sell for one commission fee. National Westminster Bank provides a screen dealing service with a minimum charge of £25 and a standard rate of 1.25 per cent on the first £5,000 and 1 per cent on the next £7,500.

The Norwich & Peterborough Building society requires investors to pay £1 to open a Cash Counter account, and you and up to four family members can then deal for a maximum of £10.50 until December 31. Investors can avoid commission charges by swapping BS shares for units in Legal & General's Special Situations trust until January 31.

Samuel Montagu run a BS information line on 0272-272-272 – but it is difficult to get through. Perhaps this indicates there is more interest in BS this week than the brokers would have us believe.

Heather Farmbrough

The Great Investment Race is over. **Fiona Thompson** reports

It's two for the Pru

THE GREAT Investment Race ended yesterday with a surprise dash for second place as Japanese securities house Nomura took a mighty bound and boosted its stake by just short of £100,000 in the last lap of the contest. Nomura moved up from fifth and crossed the finish line with £201,826. But the Prudential, leader for seven of the 12 months of the race (and also winner last year), chalked up £275,356 to canter home by a clear margin.

After a year of battling each other and the market, the nine teams of competing fund managers have turned their initial stakes of £55,000 each into a total of £1,304,206 – representing an increase of 163 per cent compared with the 14 per cent gain showed by the FT All-Share index over the period of the contest. After subtracting the £495,000 starting stakes from the £1.3m, the race has raised a grand total of £809,206.34 for charity.

The money will be distributed by Charity Projects, the race organiser, to a range of groups helping people, particularly youngsters, who are homeless or disabled or suffering from drink or alcohol misuse. Prince Edward, the president of Charity Projects, announced the results at a ceremony in London yesterday and 13 Cyclone despatch riders roared off immediately to deliver some of the pledges.

The nine teams set off on December 10 last year knowing they had a hard act to follow. This was the second Great Investment Race; the first, which raised £799,856 for charity, ended just 26 days short of the 1987 crash so no one was in any doubt that the uncertainties of the market would make this contest much harder. And so it proved.

Even the winner admits the year had its tough patches. "The market has been very difficult, increasingly cautious and less inclined to give the benefit of the doubt to optimists," says the Prudential's Trevor Pullen. The Pru's policy was to establish a core portfolio of stocks and to trade actively in the futures market. "We've kept to that," said Pullen. "Our portfolio was not spectacular but we more than made up for that in futures dealing."

Nomura's second placing was especially pleasing since it came second from bottom last year. The team stuck strictly to the Japanese market throughout, dealing mainly in dollar warrants. "We started out being extremely passive," said Andrew Jacobs, "but became more and more aggressive as we saw how well others were doing."

In the latter stages, in particular, Nomura ran a risk-lover's fund, moving its entire portfolio in and out for half an hour or an hour on some occasions – a risky strategy but one that certainly worked. In the past few weeks alone, some of Nomura's biggest wins buying and selling dollar warrants included £30,000 on NKK and £12,000 each on Tokyo Steel and Nippon Zeon.

There was not much in it between the second and third-place holders with Henderson Administration, the independent fund management group, clocking in with £200,632, just £1,000 behind Nomura.

Henderson's Claire Nowak has been consistent in her approach to the race throughout the year. "I thought both the UK and the US markets would do very little over the year but that there would be rallies when everyone could get stuck in," she said. Dealing heavily in the futures market, Nowak's policy was to sell short. "Every time there was a rally, I sold and then closed at the bottom of the rally." It was satisfying, she added, to take a consistent view and "not have to rely on huge bets on a particular share."

Cazenove, the City stockbroker, had a disappointing end to the race, slipping into fourth position after being first for five months in the summer and second in more recent times. Its finishing total was £171,438. "Our strategy developed throughout the race," said Bernard Cazenove. "When we found ourselves high up at an early stage, we set out to become the pace-maker. Most pace-makers run out of puff in the last 100 metres, we ran out just at the end. It was a combination of bad luck and some of the other competitors being better able than us to operate in a bear market."

Cazenove ran right until the last minute. "We were highly aggressive, trying to identify individual stock situations. But it was an extremely difficult market, difficult to operate in and to make money in."

Daiwa, the second Japanese securities house in the contest, added £25,000 to its total in the final sprint, signing off with £151,791. "We took a conservative stance towards the end," says Antos Glogowski, "not wanting to risk the profits we had made." Dealing totally in Japanese dollar-denominated warrants, Daiwa spread its selections around as many sectors as possible, taking opportunities when they arose.

Enskilda Securities, the investment banking arm of Skandinaviska Enskilda, Scandinavia's biggest bank, ended the race in sixth position with £107,289. Operating in the European markets, Enskilda invested initially in a broad range of equities, as well as maintaining a high cash position and occasionally investing in gold and oil options.

"We started too ambitiously and got our fingers burnt," says Richard Martin. "The European market has been very good with Sweden, our main market, up 52 per cent a year. But you've got to be able to pick particular stocks. Still, the race has been fun."

Capital House, the investment arm of The Royal Bank of Scotland, adopted a cautious approach throughout the year, finishing in seventh position with £68,680. "The return from the UK market as a whole has been very disappointing," says David Kidd, "but we don't regret not dealing in futures. It would have been very easy to have lost a great deal of money that way. We liked the Japanese market and had a significant weighting there. With hindsight, it would have been wonderful to have had the entire portfolio there."

In eighth place with £63,628 was Hoare Govett, part of the Californian bank Security Pacific. Bell Lawrie, the Edinburgh stockbroker, was ninth with £63,564. "Our initial strategy was to invest in a portfolio of undervalued stocks," said Bell's Richard Brotherston. "The team then expanded onto the riskier path of also trading in options, and settled in the end for opting for special situations.

"In retrospect, we might have been better to concentrate on the third phase of our strategy and been slightly more nimble in moving in and out," Brotherston conceded.

The winning team from Prudential Portfolio Managers with Jane Tewson of Charity Projects

PRINCE EDWARD pictured yesterday sending off one of the special Cyclone Courier motorcycle despatch riders who rushed round pledges to the charities which benefited from the £809,206 raised by the Great Investment Race.

At the presentation ceremony of the race results, the prince warned that the plight of Britain's homeless children was about to get worse as a result of the reorganisation of welfare benefits. He said: "One or two anomalies have appeared, one of which is the ending of any sort of benefits to 16 and 17-year-olds. This hits exactly the work that places like Centrepoint do." (see Page I).

The prince, who is the president of Charity Projects, the organiser of the Great Investment Race, added: "This blow is only one of many which can wreck a young life for, once in the homeless trap, it is a vicious downward spiral with no apparent escape except through places like Centrepoint."

Prince Edward explained that the money made by the Great Investment Race would go to groups working directly with young people in crisis, especially in the areas of drug and alcohol abuse, disability and homelessness.

GREAT INVESTMENT RACE HOW THE TEAMS FINISHED

1	(1)	Prudential	£275,356	(£250,138)
2	(5)	Nomura	£201,826	(£106,282)
3	(3)	Hendersons	£200,632	(£173,054)
4	(2)	Cazenove	£171,438	(£186,125)
5	(4)	Daiwa	£151,791	(£126,118)
6	(6)	Enskilda	£107,289	(£102,795)
7	(7)	Capital House	£ 68,680	(£ 70,299)
8	(8)	Hoare Govett	£ 63,628	(£ 63,628)
9	(9)	Bell Lawrie	£ 63,564	(£ 59,128)

Last month's position in brackets. Source: WM Company

John Edwards on the result of the Readers' Race

A 'fascinating hobby' proves profitable, too

THE WINNER of the FT Readers' Race, run in conjunction with the Great Investment Race, is Major E. W. S. Anderson of Fownhope in Herefordshire. He receives £5,000 worth of Holborn unit trusts donated by the sponsor, Prudential Holborn.

Anderson was a clear winner. The five "notional" shares he selected from the FT-SE 100 index, in which to invest £11,000 each to make up a £55,000 portfolio, provided a return of £90,391. This total included the rise in the value of the shares and the income paid during the period.

This was over £2,000 more than the runner-up so there was no need to use the tie-breaker (guessing the level of the FT-SE 100 index on December 9, the closing date of the race). This was just as well for Anderson, whose guess of 1,988 was very wide of the actual figure of 1,750.7.

Anderson's success was based on picking a good mixture of the top-performing shares. He chose the two best performers – Rowntree (now taken over by Nestlé) and Hammerson Property, the subject of a takeover bid – plus BAA, the 10th best; Ladbroke, 12th; and English China Clays, 32nd. This selection won him the third-quarter prize, too.

Although the value of his portfolio declined slightly after September 30, he managed to retain a winning lead by the strong performance of Hammerson since the takeover bid and the decline in the value of Amstrad, which had been the second-best performer at the end of September.

The top five shares were Rowntree (Nestlé), Hammerson, Britoil (now British Petroleum), Plessey and Lloyds Bank, which goes to prove that takeovers were the best way of making money during the past year. To demonstrate just how tough market conditions were during the 12 months, it was a sad fact that 25 of the 100 shares actually provided what the Americans describe as a "negative return" – in other words, investors would have lost money. If you took dealing charges into account, the number of losers would be even greater.

The worst horror story was Next, where the £11,000 investment would have shrunk to a mere £5,231 (although you would have received £397 in income). Second-worst was Coats Viyella, where the total return would have been only £6,995, followed by Dixons (£7,576), Sears (£8,359) and British and Commonwealth (£8,730) – a sorry performance by several previous darlings of the stock exchange.

Anderson, a 76-year-old retired army officer, has taken an interest in stocks and shares ever since his father suggested he form an imitation portfolio in 1916. Later, he turned to the real thing – mainly because it made a "fascinating hobby." In fact, his first investment, in 1928, was a disaster. It was an investment trust that specialised in South American railways – just before the 1929 market crash.

That taught him a healthy lesson, and he was more successful by concentrating on buying shares in small companies at an early stage of development. Two winners he remembers particularly Owners Abroad and the original company that became the Polly Peck group.

He could not, of course, apply the same technique when picking shares from the FT-SE 100 index for the Readers' Race so he concentrated on choosing companies with sound assets or property – a policy that proved most successful although there was a dash of luck, too, in picking takeover candidates.

There were more than 2,600 entries for the race at £10 a time, so FT readers contributed over £26,000 to Charity Projects and had the enjoyment of seeing how their £55,000 portfolios fared against the teams in the Great Investment Race (who were not confined just to the stock market and the FT-SE 100 index).

TOP TEN SHARES Value of £11,000 stake (invested Jan 1) on Dec 9

Rowntree/Nestle	£23,409
Hammerson Prop.	£22,353
BP ResTR(Britoil)	£19,466
Plessey	£17,446
Lloyds Bank	£16,231
Blue Circle	£16,010
British Aerospace	£15,898
Cons. Gold	£15,887
Allied Lyons	£15,797
BAA	£15,771
Bottom Five Shares	
Next	£5,231
Coats Viyella	£6,995
Dixons	£7,576
Sears	£8,359
Brit & Common	£8,730

Vanessa Houlder and **Philip Coggan** look back over a year of ups and downs on the share market

Jute the Obscure makes the best-performing list

HANDS UP those who, on January 1, picked Titaghur Jute Factory as a likely best-performing share for 1988. If you did, you were either extremely fortunate or you could justly claim to be the modern equivalent of Nostradamus.

The initial omens were none too promising. In May, Titaghur's shares were suspended because the company had not paid its annual listing charge. But when it returned, Jute the Obscure's shares forged ahead, ending the year with a massive 594 per cent gain.

The trick was achieved by the arrival of entrepreneur Reg Brealey, who plans to restructure the textile importer and move into new business areas. The age-old lure of the shell brought in other eager investors.

The 1988 leaders and laggards table reveals the usual quota of roaring successes and woeful failures, but the year in general brought little excitement to stock market investors.

It was a dull year – the FT-SE 100 index rarely broke out of a narrow trading range between 1,730 and 1,880 – but whether it fits a definition of a bear market is harder to say. After all, it seems likely that the FT-Actuaries All-Share index will once again finish the year higher than it started, as it has every year since 1976.

By December 16, the All-Share index was 4.4 per cent higher than at the start of the year. Although 1988 lacked the dramatic rises or calamitous declines seen last year, the end result for investors was much the same – the net rise in 1987 was 4.2 per cent.

The market-makers could have forgiven the dull trend in share prices if turnover had been more buoyant. The value of shares traded up to the end of September was a third lower than for the same period in 1987. In historical terms, this was not bad going. The nine months' total of £201.9bn exceeds easily the 1986 annual total of £181.2bn. However, that business was spread among more than 30 market-makers, compared with just half a dozen major jobbers before the Big Bang.

The resulting problems intensified when, in August, UBS Phillips & Drew and Citicorp Scrimgeour Vickers launched a cut-price war by narrowing their spreads – the difference between "bid" and "offer" prices on a stock – in an attempt to increase their market shares.

This intensified the pressure on securities houses, which saw their collective losses mount to hundreds of millions of pounds. Matters came to a head earlier this month when Morgan Grenfell withdrew from market-making at a cost of 450 jobs.

The Morgan Grenfell sackings were seen as merely the prelude for further blood-letting among the market makers. And, indeed, in the run-up to Christmas traders seemed more interested in speculating on which house would be the next to shed staff than on predicting the next takeover stock. No wonder that the list of worst-performing shares features a stockbroking group – Parrish, a private client broker, which lost over £2m in its first half this year.

Throughout the year traders hoped that the boom days would return, but the institutions remained reluctant to increase their exposure to the equity markets after the horrors of 1987. As a result, institutional cash balances built up, with some estimating that the total liquid resources of UK investment institutions would be £24bn by the end of the year.

The strain on institutional purses was eased by the actions of the corporate sector, which seemed more interested in putting money back into the market than taking it out.

Total spending on mergers and acquisitions in the first three quarters of 1988 had already exceeded the *annual* total for 1987, itself a record. And more than 80 per cent of third quarter acquisitions expenditure was in the form of cash.

The third quarter total of £8.09bn, boosted by the Nestlé bid for Rowntree, was on its own larger than any annual figure before 1986. Unsurprisingly the leaders' tables, especially the one covering the larger stocks, are dominated by bid situations.

Meanwhile, the total raised through rights and new issues in the first nine months was just £5.9bn, compared with £19.6bn for the whole of 1987 and £14bn in 1986. And even that small total was boosted by the largest ever rights issue: £921m from Barclays.

Perhaps the corporate sector seemed much more confident than the City because economic growth, running at an annual 5 per cent in the first nine months of the year, far outstripped expectations. Encouraged by the interest rate cuts that followed the crash and the Chancellor's tax-cutting Budget, consumer demand forged ahead.

In retrospect, it all seemed likely to end in tears. Fears of renewed inflationary pressure and the sudden explosion in the trade deficit forced the Government to increase interest rates nine times in the last seven months of the year.

One obvious casualty of any crack-down on credit is the stores sector, and so it proved. The retail revolution of the early 1980s had involved substantial outlay on redesign and marketing which needed continually rising consumer spending to be justified.

The sector had already been underperforming since early 1986, and an absolute 19 per cent fall this year cemented a 35 per cent relative decline over the past three years. Against this bleak background, the retail stars of the early Eighties have seen their fortunes fade.

Sir Philip Harris's reputation had been eroded by poor profits' growth in 1987 and, soon after announcing more disastrous results in May, he saw his Harris Queensway furniture and carpet retailing business taken over by a consortium headed by James Gulliver, the former Argyll chief. But Sir Philip's downfall was eclipsed in terms of speed and high drama by George Davies, the head of Next, who was ousted after a late-night boardroom coup earlier this month.

Next, the fourth-worst performer of the year, was hit by a combination of higher interest rates, the timing of some disposals and the postal strike. This prompted a warning of a "significant" drop in profits which, in turn, precipitated Davies' unceremonious departure.

Etam, another clothes retailer which expanded rapidly last year, has also felt the pinch. Slack demand also hit N. Brown, the mail order company, the problems of which were exacerbated by the postal strike, while Pentos experienced teething problems refitting the Rymans stationery chain.

Poor old Mrs Fields, which heads the laggards' list, has scarcely put a foot right since it joined the Unlisted Securities Market two years ago in a riot of razzmatazz but massive investor indifference.

The cookie retailer's problems were quite simple – when it opened new stores, its products failed to sell like hot cakes. Sadly, having served as the standard-bearer for other US companies bent on transatlantic listings, its problems were replicated by many other US-based companies such as Borland International and Tribble Harris Li.

The textile companies joined the stores in dominating the laggards' list. Dwindling demand, rising interest rates and the strong pound exacted a heavy price in the form of thousands of job losses and plummeting profits.

The fall from grace was all the steeper given their status as former stock market favourites – earned after painful restructuring earlier in the decade. Coats Viyella, Europe's biggest textile group, reduced its work-force by 4,000 this year and warned that its profits could fall by as much as 40 per cent.

Coloroll, the home furnishings company, shared the same boat as the textile companies. After increasing its debt by taking on the John Crowther carpet business this summer, the share price was battered further by the threat of reduced home spending because of higher interest rates.

The best performer amongst the large company stocks was Enterprise Oil, which might surprise those aware of the decline in the oil price (which touched \$11-\$12 per barrel at one point this year). In fact, oil company shares in general have not been hit too hard by the dismal oil market because investors are taking a view on the likely price in the 1990s.

Enterprise owes its place at the top of the leaders' table not just to some substantial oil discoveries during the year but also to an elaborate game of pass-the-equity-parcel. LASMO, which is also in the leaders' list, decided to sell its 25 per cent stake in Enterprise during the year; meanwhile, RTZ was selling its 29.9 per cent holding in LASMO itself.

Speculation that the two largest remaining UK oil independents could be swallowed up by predators was increased by the knowledge that the Government's golden share in Enterprise expires at the end of the year, and by a British Gas dawn raid on LASMO in September.

The expectation of bid activity in the oil sector was also responsible for the improvement in Ultramar's share price in the past two months. This followed a steep decline when Ultramar dismayed the market by announcing two large acquisitions and a rights issue within the space of two weeks.

When investors are nervous about the prospects for earnings' growth, they tend to look for companies with asset backing. So it is perhaps not surprising that overseas trading, property and mining finance were the best performing sectors in 1988.

The outperformance of the leading sector, overseas trading, was fuelled by the sharp rise of its largest constituent, Lonhro. This was sparked by speculation that Alan Bond, the Australian entrepreneur, is poised to mount a break-up bid.

Another Australian businessman, John Elliott, head of Elders IXL, prompted the appearance of brewing group Scottish & Newcastle in the leaders' list. His bid was blocked by a reference to the Monopolies and Mergers Commission.

The emphasis on assets also was underlined by the strong performance of the property sector which, like last year, took second place in the leaders' list. In some cases, such as Newarthill, the belief that its worth greatly exceeded its stated asset value resulted in a soaring share price. A similar belief in the case of Taylor Woodrow, the contracting company, was reinforced by speculation about the intentions of P&O when it bought a 9.9 per cent stake.

It did not take too long for this attitude to be translated into bid activity. This came to a head at the end of November when, in one week, Hammerson received a £1.3bn cash bid from Dutch company Rodamco and London Shop, a retail specialist, received a £269m cash offer from Peel Holdings.

The smaller companies' lists are the usual rag-bag of penny stocks, rising stars, has-beens and never-weres. Scottish Ice Rink Co (1928) appears for the second year running; ironically, last year it was Titaghur's Reg Brearley who caused all the excitement.

This time, the furore was provoked by two new investors moving into the company and revealing their expansion plans. Sadly, the original ice rink is to be sold and doubtless the company will soon assume some dreadful acronymic title.

Similarly, Chartsearch, a tip sheet publisher, can trace its rise up the best-selling list to the appearance of an entrepreneurial new shareholder. In this case it was Nigel Wray whose property company, Gilbert House, merged with Singer & Friedlander last year. Expectations duly were met when, in October, the company agreed a £50m merger with Burford, the USM property group.

Noble Raredon owes its position in the charts to the Nadir factor. Brother Asil built up overseas trader Polly Peck – perhaps the most famous penny share of all – and now sister Bilge Nevzat has moved into a former overhead projector manufacturer called Gnome Photographic. The renamed Gnome has gone into both textiles and tour operating. It is, however, not just penny share mania that has propelled small companies into the leaders' list. The strong showing made by radio companies reflects the excitement surrounding the proposed deregulation of radio and booming advertising sales. Piccadilly, Capital and Radio City all make the top 10.

Two of the front runners for the title of worst-performing smaller company, London & Overseas Freighters and BOM Holdings (once known as Bristol Oil & Minerals and, before that, as KCA International), have made past appearances in the laggards' table.

In both cases, their prices were revived in the late stages of the bull market last year when thousands of shareholders joined the share registers. Once again, however, they revived their claims to be among the worst performers of the year by posting poor trading results and asking their shareholders to finance massive rights issues.

Another persistently poor performer is Pavion International, maker of Wet 'n' Wild cosmetics. The history of Pavion – which in its former incarnation was Sangers, a photographic wholesaler – includes a breathtakingly audacious bid, a disastrous profits performance, boardroom upheavals and a demotion to the USM. This time round, it was news of a dramatic plunge into loss that set the share price spiralling downwards.

Perhaps the most traumatic experience this year, though, was registered by Unigroup, a timber, building products and clothing company. This has faced an investigation by the Department of Trade and is involved in legal action against its former chairman and others to recover an alleged bad debt of £1.07m.

The prospects for 1989 look unusually uncertain. Few are confident that the Chancellor can orchestrate a soft landing for the economy, controlling inflation without causing recession. Some believe that high interest rates and a strong pound will squeeze corporate profitability and thus depress equity prices. Others argue that equity prices are far from expensive in historical terms, especially in the light of the amount of cash which is waiting to be put back into the market.

However, as this year's leaders' and laggards' table shows, macro-economic trends often determine which companies are stock market losers while the winners tend to emerge from out of the blue. The ability to spot the next bid stock, or super shell, is the key to achieving mega-profits; but successful tipsters for such stocks are rarer than white Christmasses.

LEADERS AND LAGGARDS 1988

Over £100m	Percentage rise	Under £100m	Percentage rise
Enterprise Oil	110	Titaghur Jute	594
Scottish & Newcastle	89	Chartsearch	455
Eurotunnel Units	79	Crown Communications	351
Newarthill	75	Noble Raredon	273
LASMO	74	ML Laboratories	254
Hammerson	69	Scottish Ice Rink	234
Sema	68	Radio City	223
Taylor Woodrow	65	Piccadilly Radio	200
London Shop	65	Capital Radio	189
Ultramar	64	AF Bulgin	171
Over £100m	**Percentage fall**	**Under £100m**	**Percentage fall**
Mrs Fields	75	London & Overseas Freighters	94
Acatos & Hutch	57	Parrish	82
Intl City Hdg	55	BOM Holdings	78
Next	55	Unigroup	73
Etam	53	Imtec	68
Coats Viyella	49	Memcom Intl	67
N Brown	47	Pavion Intl	64
Pentland Ind	43	Amercoeur Energy	63
Coloroll	41	Far East Resources	57
Pentos	40	Shield	57

The large companies' list includes companies capitalised at over £100m on January 1; the small companies' list those capitalised at under £100m on that date. Source Datastream

FINANCE & THE FAMILY

Eric Short on the meaning of life commission disclosure

SIB finally bites the bullet

THIS WEEK The Securities and Investment Board (SIB), the main financial services regulatory body, finally bit the bullet over the thorny subject of disclosure of life insurance commissions and expenses with the issue of its consultative document setting out its proposals.

Discussions on the subject have concentrated on the effects of disclosure on the life assurance industry in general and on independent financial advisers in particular.

Much less attention has been given to the implications to the consumer – the person for whose benefit this vast regulatory bureaucracy is supposed to have been designed.

Throughout the drawing up of the financial services regulations the underlying theme has been that the best means of protecting investors is to provide them with sufficient information about the investment. SIB's definition of sufficient is almost everything.

Currently, life companies operate a Maximum Commissions Agreement, under the auspices of Lautro (Life Assurance and Unit Trust Regulatory Organisation) which lays down the maximum commission which life companies can pay independent advisers.

If the adviser is paid according to this scale, he need only disclose that fact – which is known as soft disclosure. But if payment is outside the scale then the consumer is told the precise monetary payment which the adviser receives – hard disclosure.

Lord Young, the Trade and Industry Secretary, has abolished this agreement as from January 1990.

However, SIB is proposing that at the time of the sale the independent adviser must inform his client that he is being remunerated by commission and subsequently confirm this in writing.

Presumably SIB is satisfied that if the adviser's remuneration is on a fee basis, the client will already know and will have sorted out the terms.

SIB is also proposing that within 14 days of completing the contract the life company should send to the client details of the product including details of the commission paid to the adviser.

However, SIB's current thinking is that the commission disclosure should be shown as a percentage of premium, not as a monetary figure.

This is a far less harsh disclosure than the current requirement. Investors always have the right to ask for a money figure – but inertia usually means that only a few will take the trouble.

David Walker, chairman of SIB, feels that with this information, investors will be in a position to compare commission payments from different life companies.

However SIB has resisted all suggestions that company representatives and tied agents should make a comparable disclosure of remuneration.

Instead, it simply intends to ensure that the investors understands what the difference is between a company representative and an independent adviser.

In future the Man from the Pru or from Allied Dunbar or the counter clerk at Abbey National will be required to make his status clear by reading out the following statement:

"The person who recommended this policy to you is the representative of and is paid by (insert the name of the Life Company). He/she is not allowed to sell or advise on life policies or unit trusts offered by any other company or group."

The general theme of SIB's proposals is that the investor should be told how much the life company is taking out in charges in a transparent manner.

Unit-linked business has always told clients in the product literature what the charges were. However, the charging structure has several tiers – five is the norm and seven is not uncommon – and they are all expressed as a percentage of several different factors such as contributions or fund size. Instead of this opaque disclosure, SIB wants life companies tp translate this charging structure into a single percentage deduction from the premiums.

Traditional life companies have never disclosed charges on with-profits contracts, primarily because the whole with-profits system operates on a pooled basis.

Life companies will be required to show charges as a percentage deduction from the premiums. SIB has no idea at this stage how traditional life companies will calculate these expenses, but it is holding discussions with the actuarial profession on the best means of achieving this disclosure.

The Institute of Actuaries and the Faculty of Actuaries set up a joint working party some time ago to consider the position of assessing the financial strength of life companies. This working party has offered its professional services but warned SIB to be under no illusions about the difficulties involved.

Finally, SIB is proposing that traditional life companies show produce a company brochure, available on request, showing their expenses, financial strength, investment performance and philosophy, bonus record and policy.

SIB is seeking comments on its proposals by February 10 with the intention of issuing final proposals in April and the regulations in July, operative from January 1990.

Investment Trusts

Masochistic yearbooks

IN THE run-up to Christmas, investment trust analysts at a number of City firms appear bleary-eyed and very tired. Every year, they go into overdrive to sum up the year and report annual performance figures. The most masochistic produce 600-page yearbooks.

The irony of these books is that they are designed for the institutional investors who make up about 70 per cent of investors in the investment trust sector, rather than private investors who may well have more time and inclination to actually read them more thoroughly.

But one wonders how many fund managers read more than one or two pages before putting them away in the filing cabinet – or, heaven forbid, in the bin.

The yearbook produced this week by CL-Alexanders Laing & Cruickshank is available to private investors at a price which is apparently so high that the firm declined to divulge it. However, ALC is willing to give 25 copies of the annual to *Financial Times* readers.*

This yearbook, like that of S.G. Warburg, contains a vast amount of information on each trust as well as some well-researched editorial comment on the sector.

The ALC yearbook carries the illustration of an investment board game complete with forfeits such as Go to Jail for insider dealing. This looked promising, but the text is fairly dry. The main argument is that increasing corporate activity and rationalisation of trusts are making the sector more worthwhile, while private investors are being pulled in through some attractive savings schemes.

On the negative side, ALC is concerned about the extent to which funds are being repatriated to the UK. This rather knocks on the head the traditional argument in favour of putting cash into investment trusts as a way into less accessible markets, particularly for private investors. The heavy UK weighting also means shareholders are enjoying a comparatively high yield of almost 5 per cent, which they may not like to see disappearing if funds move overseas.

There are more than 30,000 investors in these schemes, accounting for investments of about £30m a year. ALC points out that higher commission on dealing in shares and the rise in unit trust charges should make the low costs of investment trusts particularly appealing to small private investors.

On a smaller scale, County NatWest WoodMac has come out with a report called *The Big X*, looking at the record of the 10 largest non-specialist trusts. Although their objectives all are broadly similar, performance varies tremendously. *The Big X* is complicated but the conclusions are interesting.

According to the authors, the best performing trust over the 10 years to September 30 1988, in terms of net asset value, was Edinburgh Investment, which outperformed the average for the sector as a whole by 14.3 per cent.

The runner-up was Foreign & Colonial, which outperformed by 12.2 per cent. The second-worst performing trust on this basis was Scottish Investment, which underperformed by 12.9 per cent; and the worst was Govett Strategic, which underperformed by 17.2 per cent.

However, as WoodMac points out, performance is not consistent. The most volatile trust was Alliance, which was in the top two or bottom two positions 12 times out of 13. The most stable was F & C.

WoodMac has tried to analyse why trusts under or outperform. Clearly, there will be certain trusts which do well purely by being in the right place at the right time – for instance, overseas earnings funds when the pound is weak. But managers also can influence performance by changing the stock and geographical selection of the portfolio.

To try to judge the effect of managers' tactical changes, WoodMac has produced figures showing how the funds under review would have performed had they made no tactical or strategic switches since December 31 1983. This is called their "inertia performance."

The results are rather discouraging for fund managers and investors. In each case, the inertia performance was higher than actual performance. The trusts were heavily weighted generally in Japan in 1983, but most pulled out over 1984 when it would have paid to let the profits run. If the portfolios had been frozen in this way, F & C would still have performed best over the five years while Alliance would still have ranked 10th. However, TR Industrial & General would have fared better frozen (second) than it actually did (seventh).

Based on the results of the past five years, WoodMac has extrapolated which trusts would do best in two different economic scenarios. The first envisages lower world economic growth and falling interest rates. Taking this view, Scottish Mortgage fares best, followed by Govett Strategic and then Scottish Eastern. If one takes the second scenario, with economic growth continuing at present rates, continuing inflation worries and higher interest rates, this implies a weaker UK market. Under these circumstances, Scottish Mortgage still does best, F & C comes second and Govett third.

Scottish Mortgage's largest holding is Hanson Trust (3.3,per cent of the portfolio) followed by Shell (3.0 per cent) and BTR (2.5 per cent). Eight out of the top 10 holdings are UK companies, with the heaviest weighting in consumer goods (28.8 per cent). Foreign & Colonial's largest holdings are BTR and Shell, while the portfolio is weighted less heavily towards consumer goods. Scottish Eastern's largest holdings are BP and Shell, followed by Glaxo and Fitch Lovell. So these are fairly conservative portfolios, reflecting the FTSE-100 share index quite closely.

This bears out WoodMac's findings that timing and strategy are crucial to performance.

*Contact Sue Barnet at ALC, 7 Copthall Avenue, London EC2R 7BE.

Heather Farmbrough

Festive agm

SEASONAL goodwill was flowing on Thursday in the humid basement at Fleming's Copthall St office in London as shareholders in Fleming's Japanese trust were entertained by a slide show, and then lunch with the directors.

The opinion seemed to be that this kind of annual general meeting was a good thing, although "they didn't really answer my question properly," one shareholder grumbled. Another admitted that he found these occasions quite fun, "Well, it's a chance to meet other investors, isn't it?"

Flemings is coming to the end of a year of these kind of agms. "I think that more people would have come if they'd known all this was on offer," said one shareholder, pointing to the sausages and sandwiches.

The questions showed quite a sophisticated level of financial understanding. One shareholder asked why the performance of the trust relative to the index was disappointing. According to Martin Porter, the Tokyo-based investment manager of the trust, this was because the market moved away from the manufacturing sector, where the fund is quite heavily weighted.

Denny Denly, who makes a hobby of his investments when he is not on his boat, was pretty pleased with Fleming's record. Why was he so keen on investment trusts? "It's simple. If you invest in unit trusts, you never get the chance to meet the people who invest your money for you like this."

The Week Ahead

Results season winds to a close

THE City of London, wondering whether all those glitzy new sandwich bars will have enough customers to keep them going in 1989, has relatively little on its calendar in Christmas week.

Results are due on Monday from Acatos & Hutcheson, the edible oil company whose galloping growth rate came to a standstill in mid-year; interims that day come from a trio of ambitious little property companies: Broadwell Land, Tops Estates and Waterglade.

Tuesday sees interims from Braithwaite, which paid £31m last April for SPP and its specialist pump hire operation; and from Tiphook, the fast-growing container leasing and transport group which bid to become the largest trailer rental company in Europe last October, with its £71.5m acquisition of Rentco.

On Thursday, two of Britain's biggest predator companies, Maxwell Communications Corporation and Hanson, will be holding extraordinary general meetings. MCC's is to approve the $750m (£425m) acquisition of Official Airlines Guides from Dun & Bradstreet, and can be expected to focus attention on the balance sheet

William Cochrane

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Acatos & Hutcheson	Monday	3.0	5.5	3.5
Bankers Investment Trust	Wednesday	0.38	-	0.42
Borthwicks	Tuesday	0.5	-	0.5
Claremont UK	Tuesday	-	-	-
Craton Lodge & Knight Group	Monday	0.7	1.8	0.7
Electronic Data Processing	Wednesday	0.6	2.1	0.6
Isle of Man Enterprises	Wednesday	-	6.5	-
Kelsey Industries	Thursday	3.1	6.9	3.7
INTERIM DIVIDENDS				
Arlen	Wednesday	1.0	2.0	-
Batleys	Wednesday	0.5	1.9	-
Bimec Industries	Monday	-	-	-
Braithwaite	Tuesday	-	4.5	-
Broadwell Land	Monday	-	-	-
Explaura Holdings	Monday	-	-	-
F&C Smaller Companies	Tuesday	0.3	0.8	-
Firstland Oil & Gas	Thursday	-	-	-
Harris Philip Holdings	Tuesday	2.0	3.6	-
Lovell GF	Monday	-	2.0	-
Northumbrian Fine Foods	Wednesday	0.8	1.2	-
Sutcliffe Speakman	Tuesday	-	2.0	-
Tamaris	Monday	-	-	-
Tiphook	Tuesday	1.6	3.7	-
Tops Estates	Monday	-	1.0	-
TR Trustees Corporation	Monday	1.0	-	-
Victoria Carpet Holdings	Monday	-	3.0	-
Waterglade Int'l Holdings	Monday	1.5	2.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airtours	Sept	4,080	(2,030)	17.4	(8.5)	6.2	(2.7)
Assoc Paper Ind	Oct	7,500	(6,800)	25.8	(22.6)	8.8	(8.0)
Baggeridge Brick	Sept	7,540	(4,360)	24.8	(14.2)	5.0	(3.2)
Burns Anderson	Sept	3,220	(2,550)	8.3	(6.5)	4.1	(3.5)
Carlton Comm	Sept	49,100	(33,630)	43.3	(32.3)	7.5	(5.3)
Carrs Milling	Sept	1,880	(2,090)	20.8	(29.6)	7.5	(7.2)
Chemring Group	Sept	4,260	(3,854)	69.2	(62.0)	21.5	(18.6)
Crystalate Hldgs	Sept	5,700	(7,100)	12.9	(16.0)	6.0	(5.8)
Devenish JA	Sept	11,500	(10,000)	22.7	(18.3)	3.5	(3.0)
Doctus	Sept	1,810	(1,077)	10.3	(4.5)	2.0	(0.2)
Dwyer & Co	Sept	2,090	(776)	12.9	(8.5)	3.0	(-)
Electra Inv Tst	Sept*	6,730	(7,545)	-	(-)	4.8	(6.7)
Eng China Clays	Sept	145,400	(111,846)	43.8	(34.9)	23.2	(16.0)
Eurocopy	Sept	3,410	(2,570)	6.2	(1.4)	0.6	(0.57)
Granada	Oct	143,200	(111,008)	28.1	(25.3)	11.2	(9.8)
Greenall Whitley	Sept	47,060	(39,216)	26.2	(20.8)	7.2	(6.0)
Hardys & Hansons	Sept	4,400	(4,172)	56.9	(53.6)	23.5	(21.5)
Hawtin	Sept	1,300	(431)	1.5	(0.4)	0.5	(0.37)
Holmes & March	Sept	4,500	(2,850)	25.8	(19.1)	6.0	(4.4)
Hoskyns Group	Oct	9,510	(6,510)	16.1	(11.3)	2.9	(2.1)
Kinta Kellas Inv	Mar‡	3	(129 L)	0.05	(-)	-	(-)
Kleen-e-ze	Sept	1,720	(2,060)	26.2	(26.8)	8.5	(6.0)
Lee Arthur & Son	Sept	6,030	(4,130)	12.6	(9.1)	4.2	(3.2)
McCarthy & Stone	Aug	34,100	(24,900)	40.1	(29.2)	5.1	(4.1)
Mids Leisure	Sept	6,430	(2,330)	10.4	(6.9)	2.8	(1.6)
Norton Opax	Sept●	35,570	(25,049)	15.8	(16.0)	5.0	(6.0)
Polly Peck	Sept	107,300	(86,230)	43.7	(38.0)	-	(6.56)
Stakis	Oct	24,500	(19,141)	7.5	(6.1)	1.9	(1.7)
Thornton GW Hldg	Oct	1,250	(1,060)	13.2	(13.0)	4.2	(3.7)
Titon Holdings	Sept	1,370	(944)	8.5	(6.3)	2.6	(-)
UK Land	Sept	11,250	(1,760)	163	(24.9)	11.0	(5.0)
Utd Scientific	Sept	10,100	(11,096)	9.4	(14.4)	7.3	(6.6)
Vaux Group	Oct	26,200	(21,600)	40.1	(34.7)	16.3	(14.2)
Viking Packaging	Sept	1,510	(957)	10.4	(6.9)	3.9	(3.5)
Western Select	Sept	2,449	(2,203)	10.9	(10.0)	3.7	(3.4)
Westland Group	Sept	17,400	(18,400)	6.6	(4.9)	3.5	(3.5)
Whessoe	Sept	3,550	(4,830 L)	17.5	(-)	4.0	(1.0)
Wolver & Dudley	Oct	26,670	(22,412)	26.9	(22.6)	7.0	(5.8)
Yorkshire TV	Sept	15,640	(13,529)	28.7	(24.2)	9.6	(8.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberdeen Steak House	June	402	(177)	0.7	(-)
Airsprung Group	Sept	1,260	(1,064)	2.3	(2.1)
Aitken Hume	Sept	414 L	(3,030)	-	(1.5)
Assoc British Eng	Sept	352	(23)	-	(-)
Authority Investment	Oct	1,680	(1,390)	3.2	(2.5)
BBB Design Group	Oct	221	(373)	-	(-)
Berkeley Group	Oct	12,730	(7,540)	1.5	(1.0)
Bogod-Pelepah	Sept	96	(64)	0.1	(0.1)
Border Television	Sept	485	(404)	0.8	(0.6)
Bristol Evening Post	Sept	3,970	(2,970)	3.5	(3.0)
Brit Build & Eng App	Sept	415	(203)	2.0	(1.0)
Brookmount	Sept	3,860	(2,340)	2.2	(1.7)
BSS Group	Sept	5,620	(4,260)	5.0	(4.0)
Builder Group	Oct	1,040	(832)	1.2	(-)
Bulmer HP	Oct	6,200	(7,376)	2.88	(2.55)
Callyns	Sept	1,500	(1,150)	5.0	(4.2)
Celestion Industries	Sept	2,100 L	(276 L)	-	(-)
Chapman Industries	Sept	278 L	(817)	-	(2.6)
Charter Consolidated	Sept	32,090	(26,069)	4.7	(4.2)
CH Industrials	Sept	5,670	(2,130)	1.05	(0.75)
Creighton Labs	Sept	748	(341)	1.6	(1.4)
Dowty Group	Sept	32,500	(25,400)	3.2	(2.8)
Elgo Group	Sept	146	(201)	0.4	(0.7)
ERF	Oct	2,640	(1,600)	4.0	(2.0)
Eve Group	Sept	1,790	(1,480)	2.0	(1.5)
Fine Art Development	Sept	2,790	(3,447)	2.0	(1.8)
Firth GM Holdings	Sept	2,520	(1,630)	2.2	(0.5)
FKB Group	Sept	2,570	(1,360)	2.0	(2.0)
Ford Sellar Morris	Oct◎	6,640	(2,019)	1.5	(1.0)
Fuller Smith & Turn	Sept	3,400	(3,220)	1.5	(1.3)
Gateway Corp	Oct	76,000	(63,600)	3.5	(3.0)
Geever	Sept	260 L	(207)	-	(-)
Gibbon Lyons	Sept	482	(384)	1.7	(1.5)
Gold Greenlees Trott	Oct	2,460	(1,491)	3.0	(1.5)
Greene King & Sons	Oct	9,100	(6,300)	2.6	(2.2)
Halma	Oct	5,090	(3,880)	0.8	(0.6)
Havelock Europa	Sept	1,390	(1,720)	2.6	(2.6)
Hicking Pentecost	Sept	415	(215)	0.5	(-)
Hunter Saphir	Sept§	2,095	(2,426)	1.3	(1.3)
JMD Group	Sept	19	(214 L)	-	(-)
Landleisure	Sept	11,100	(6,120)	-	(-)
Lister & Co	Sept	852	(1,530)	1.0	(1.0)
London Merchant Sec	Sept	7,020	(7,230)	0.8	(0.8)
Microlec Group	Sept	634	(481)	1.0	(-)
Northamber	Oct	2,721	(1,863)	-	(-)
Office & Electronic	June	736 L	(42 L)	0.01	(-)
Palmerston Holdings	Sept	1,540	(-)	2.7	(-)
Phoenix Timber	Sept	985	(831)	1.1	(1.0)
Plysu	Oct	3,650	(3,250)	0.8	(0.8)
Priest Benjamin	Sept	3,260	(1,500)	0.3	(0.2)
Property Trust	Sept	186	(125 L)	-	(-)
Racal Electronics	Sept	62,400	(43,333)	1.46	(1.06)
Racal Telecomm	Sept	30,600	(10,100)	-	(-)
Russell (Alexander)	Sept	1,610	(1,060)	0.5	(0.5)
Scottish & Newcastle	Oct	72,000	(57,143)	3.1	(2.7)
Smith New Court	Oct	2,500	(10,500)	1.5	(2.5)
Southend Property	Sept	15,020	(303)	1.0	(-)
Stewart & Wight	March	82	(45)	-	(-)
Sytone	Sept	854	(725)	4.0	(4.0)
Tams John Group	Sept	845	(765)	1.2	(-)
Tex Holdings	Sept	659	(452)	2.5	(1.7)
Tinsley Eliza Group	Sept	566	(453)	1.8	(1.15)
Warriet Roberts	Sept	701	(598)	1.0	(0.9)
Wentworth Int'l	Sept	140	(105)	-	(-)
Whitecroft	Sept	6,032	(4,820)	4.1	(3.4)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ after tax profits. ◎ figs announced 8/12/88. ● last years figs for 18 months. ° last years figs for 12 months. * last years dividend for 18 months.

RIGHTS ISSUES

Aitken Hume is to raise £4.7m via a one-for-ten rights issue at 100p.
BLP Group is to raise £3.2m via a two-for-seven rights issue at 93p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Eastbourne Water Company is to offer-for-sale by tender £5m of 7% redeemable preference stock.
Sandell Group is to join the USM via a placing of 750,000 shares at 117p.
Sames Bank is to join the Stock Exchange.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Argyle Trust	107§§	98	92	22.87	Dewey Warren
Armstrong Equip.	158§§	165	160	83.99	Wardle Storeys
Assoc. News.‡	765*§	760	503	1.02bn.	Daily Mail & Gen
Aurora‡	148.5*§	148	127	138.10	Aust. Nat. Inds.
Avdel	88*	89	77	111.74	Banner Inds.
Bejam	188	158	171½	234.66	Iceland Frozen F
Brit. Syphon	155*	154	158	48.73	Britannia
Buckley's Brew.	156*§	153	150	25.0	Harp Lager
CLF Hldgs.	250††	156†	156†	88.1	Yeoman Intl.
Cambrian & Gen.	105*§	105	92	40.30	Leucadia
Camb. & Gen. Cap.	120*§	118	105	18.84	Leucadia
Carless	115†§	114	109	204.80	Kelt Energy
Christy Hunt	70††	68	52	33.97	Triplex Lloyd
Collins (Wm.)	640*§	773	543	98.9	News Intl.
Collins (Wm.) A	535*§	585	453	194.1	News Intl.
Corah	75*§	73	65†	27.2	Charterhall
Cundell	180*	186	139	26.80	Crown Intl. Grp
Cundell	185*	186	171	33.3	Smurfit (J.)
Dale Group	93	80	87	10.99	Beauford
Granyte Sfce. C.	130*	128	103	18.2	McLeod Russel
Hammerson	818*§	934	739	294.32	Rodamco
Hammerson A	780*§	896	675	1.01bn.	Rodamco
Hille Ergonom	72††	70	58†	8.16	Wassall
Johnson Fry	160§§	153	102	22.04	LIT Hldgs.
Landleisure‡	396§§	382	377	167.66	Leisure Invs.
London Shop	315*	316	304	189.49	Peel Hldgs.
Pillsbury	363*	352½	331½	$5.49bn	Grand Met.
Plessey	225*	216	175½	1.7bn	GEC-Siemens
Questel	245	239	205	10.95	INP Intl.
Ryan Int.	140*§	133	104	69.59	Dipper
Saker	303§§	196	240	357.96	Thomson T-Line
Task Force‡	225*	221	181	18.49	Alphasound
Thomson T-Line	80*	87	50	135.06	Ladbroke Group
Underwoods	150*	145	91	40.8	Boots
Webb (Joseph)	60	63	68½	15.48	Mowat Group
Zygal Dynamics	104	115	92	15.58	Misys

*All cash offer. †Cash alternative. ‡Partial bid. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 16/12/88. ††At suspension. §§Shares and cash.

FINANCE & THE FAMILY

Heather Farmbrough on one broking firm's plans for growth

Squeezed into expanding

WHILE MORGAN Grenfell was pulling out of equity market-making last week and reducing its staff drastically, the stockbroking firm Gerrard Vivien Gray was expanding. It announced the purchase of Spencer Thornton Northcote, the London stockbroker owned previously by Fredericks Place Holdings, and the launch of an unit trust management service.

Yet, as GVG chief executive Stephen Cooke admits, the stock market is not exactly roaring ahead. So, is GVG's move brave but foolhardy? Or merely an indication that smaller firms are trying harder for private clients?

Perhaps the most accurate explanation is that smaller brokers may be having to try very hard indeed to make money, but their problems are of different nature to those facing their larger brethren fulfilling the role of market-makers. GVG doesn't have to worry about losing money on market-making but its business is being squeezed by higher costs and lower commissions, too.

GVG had three options: to carry on exactly as before, to diversify, or to compete in the traditional stockbroking business by offering a better service.

Cooke has ruled out the first option. While considering the second – "We do look at financial planning; for instance, looking at the forthcoming equalisation of assets between husband and wife" – he plumps for the third. "GVG's primary role is investment advice and providing a personal service to our clients and it always will be," he says. Backed by the discount house Gerrard & National, GVG has access to sufficient capital to choose the third option for expansion.

So, GVG is said to have paid just under £1m for the recently-merged firms of Spencer Thornton and Northcote. This added 8,500 clients (5,500 of whom are advisory) to GVG's existing 5,000 and added £350m in funds under management to GVG's original £900,000. The combined firms now have around 180 staff in total.

But why go out and buy a stockbroking firm? Why not simply poach some people? And isn't it a bad time to be buying a stockbroking firm?

Cooke's answers: "We are only buying the business as of Monday – we are not paying for any past liabilities. We are only taking the clients and the people who managed them."

But why buy a London firm? After all, readers of the *Weekend FT's* series on regional brokers will be familiar with the argument that while London firms are turning their backs on private clients, those in the provinces are offering a friendly, personal service in between the supermarket and the pub.

"Clients require an expertise and service which you simply can't assemble in a small provincial office," replies Cooke. "I have 10 to 15 different experts putting their bit into our cake. The majority of provincial business is done with a firm with three or four people in it, whereas we can draw on far greater expertise in-house. If you had a serious legal problem, would you turn to a three-partner firm or go to an expert in London?"

GVG has one regional office, in Ipswich, but Cooke regards it as "a branch of the London operation. The shopper can come in with an inquiry and we can get on the phone to London and sort it out before he or she comes back from the shops." While GVG might open another two or three offices on a similar basis, Cooke does not envisage any more than this.

At the moment, GVG still charges private clients the old stock exchange scale of commissions. However, Cooke argues that this is unrealistic. "We have just reviewed many of our portfolios and we are taking a fairly defensive approach, as we were a year ago. So, our advice is stay where you are. But that advice doesn't pay the bills when you are a commission-only house."

He envisages eventually introducing an annual management fee of around 0.5 per cent of the portfolio's value. Will clients pay higher charges? They may complain but, says Cooke: "People would soon be lost without a good-quality stockbroker. I think they will ask themselves how much they are prepared to pay in order to make money."

Cooke also appears to be confident people are prepared to pay handsomely for the privilege of letting others select unit trusts for them. GVG's new discretionary asset management service is available for clients with £15,000 or more. Clients will pay a fee every six months based on the cash and value of investments in the fund.

For the first £50,000 the annual fee is 1.5 per cent each year, then 1 per cent for the next £50,000 and so on, with VAT added where appropriate. Each time the manager buys or sells units for a particular client, there is a transaction charge of £10.

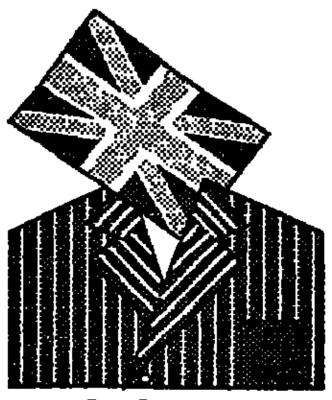
However, the fees are offset by rebating the commission that GVG receives as an intermediary when buying a unit trust on behalf of the service.

William Lynne, who runs the service with Mark Serle, explains: "On the initial investments for a client, when we start dealing we will retain the commission given to us by the unit trust group. We will then re-invest the commission so it is returned to the client."

Lynne worked previously for GVG on the equity sales side while Serle was the investment director at Richards Longstaff, where he developed its unit trust portfolio service. He joined GVG on August 8, 1988, at 8 am – which he regards as highly propitious.

No doubt Stephen Cooke also is hoping it is and that Serle's good track record at Richards Longstaff will help GVG's asset management service help to justify the money spent on expansion.

Wise men shepherd a Pilgrim's progress



Provincial brokers

WHEN THE Newcastle-based stockbroker Wise Speke set up a financial services subsidiary five years ago, it called the company Pilgrim. "It's rather like building societies appearing user-friendly to the same people who see the banks as toffee-nosed," says Kit Pumphrey, the chairman.

"Stockbrokers were seen by many ordinary people as snooty in those days. We wanted Pilgrim to attract people who would never have thought of crossing a stockbroker's threshold."

It is a sign of how attitudes have changed towards share ownership in Britain in the wake of the privatisation issues that Pilgrim has this week changed its name to Wise Speke Financial Services. It is now selling its stockbroker connections as hard as it can.

It is doing so to clearly defined market niches. "Where is the new personal wealth coming from in the UK?" asks Chris Ring, Wise Speke's senior London director, a recent defector to regional stockbroking – complete with some colleagues and clients – from Scrimgeours.

"There are still landed gentry about but the big growth is coming from inheritance, share options for able company managers, and retirement lump sums. We are building up our business rapidly by offering a wide range of bespoke financial services to these sectors."

Wise Speke was founded in 1903 and grew by acquisition after the Second World War to become Newcastle's biggest stockbroker. But it has been able only recently to devote substantial resources of money and management time to its quest for new markets because last year it became part of Sturge Holdings, one of the largest independent underwriting agencies in the Lloyd's insurance market.

Commitment to private investors was the common factor that attracted each to the other. Sturge had already identified regional stockbroking as a potential area for growth after the Big Bang – as has happened – and was looking for a way in.

Pumphrey says that this growth in the regions is coming because private clients are being shed by London stockbrokers who need bigger business to fund their overheads. He adds: "Another factor is that people want continuity in their financial advisers. High staff turnover in London means that the people who meet clients are changing all the time. Regional brokers can offer stability. People like that."

So while stockbroking jobs are being lost in the capital, regional brokers are taking on people. With 157 total staff, Wise Speke is now one of the bigger ones. And Sturge's backing has seen Wise Speke expand its London front office to 20, develop its computer systems and keep up its training programme in the north, where there are offices in Middlesbrough and Leeds as well as Newcastle.

The London office ensures that Sturge's own clients there need go only 50 yards to get inexpensive stockbroking services. "We thought some might be put off if they were told to phone Newcastle," says Ring, "but having the back office there means that we can afford to do everything here for commission only with no fees – and that applies across the whole range of our services."

However, that in turn means the back office in the north must be well-staffed, and Sturge's backing has helped *ensure this. "It is almost* impossible to recruit experienced stockbrokers in Newcastle," Pumphrey says. "You have to make your own. If we had remained an independent partnership, the size of our graduate intake would have been at the mercy of how we were doing from year to year. Sturge allows us to take a longer view of such things."

The longer view has also inspired a sympathetic approach to the definition of "small." Pumphrey thinks a toffee-nosed image is perpetuated too easily if stockbrokers set too high a minimum value on a portfolio offered by an investor for discretionary management. Wise Speke's minimum is £10,000, which is probably the lowest of the bigger firms in the north. "We are not going to be snooty about size," Pumphrey says. "Apart from that, there is a limited choice of places people can go to for these services in the north. We have an obligation to the local community."

Wise Speke's minimum commission is £27.50, which means that the normal commission level starts at dealings worth only £1,600. There is not much business done at this level but Pumphrey believes the threshold opens up the market to people graduating from other financial services.

He will not reveal the size of Wise Speke's average portfolio but he let slip a clue when explaining why. "I don't want to encourage the person with £50,000, or even £100,000, to think he is small. He is a big investor and we treat him that way."

It is in its marketing management that Wise Speke looks really different from regional competitors. When they talk of corporate services, they do not mean becoming a company's stockbroker or working in corporate finance or mergers and acquisitions. Instead, this refers to offering companies a sort of financial health and welfare for their employees – an individual personal service but related to things like share options, retirement lump sums, redundancy money, tax planning or inheritance tax.

They even offer a "no pestering" guarantee. When a company calls in Wise Speke to run, say, pre-retirement seminars and counselling sessions, it is followed up by providing written advice to individual employees on how to make optimum use of a range of services. But only if the individual employee contacts Wise Speke again voluntarily will things be taken any further. This approach has won over 15 large companies so far.

Wise Speke would have liked to have merged this year with Rensburg to enlarge its operations in Leeds and spread to Rensburg's home city of Liverpool. However, this all fell through and Rensburg went in with BWD of Huddersfield instead.

As a result, Pumphrey says that growth of Wise Speke's 15,000-strong nationally-spread client base will now have to be organic. With vertical integration between the financial services subsidiary at one end and Sturge's own rich vein of bigger clients at the other, he is confident about achieving it.

Ian Hamilton Fazey

Banking on a lawyer

THE NEW banking ombudsman is to be Laurence Shurman, 58, a leading London solicitor whose career has spanned almost every branch of the law including commercial practice and film and theatre cases.

Shurman, who takes over officially on March 6, said this week: "I regard this job as a great challenge. It is something very different for me but I think I bring to the job an awareness of the needs of the individual as well as the constraints upon large organisations."

He is a managing partner of Kingsley Napley and a member of the Mental Health Review Tribunal and the Council of Justice. His wife is a teacher.

The office of the banking ombudsman was created three years ago. It handles complaints from personal (not commercial) bank customers about what are alleged to be illegal or unfair practices.

The complaint must be about something that happened after the scheme started on January 1, 1986, and it must come under the terms of reference of the ombudsman.

The first banking ombudsman, Ian Edwards-Jones, retired on November 30. His last annual report covered such matters as complaints about cash dispensers (the biggest single source of irritation), technicalities in the small print which meant that customers did not always understand what they were being let in for, disproportionate bank charges, and "a mare's-nest of different procedures."

The number of complaints from bank customers has been rising sharply, apparently because of greater public awareness that there is a banking ombudsman to deal with such matters. Shurman expects to be handling 50 to 60 complaints a week.

He was chosen by the independent council which runs the ombudsman scheme, headed by Dame Mary Donaldson. His appointment will run initially to March 1991.

John Edwards

Laurence Shurman: "The job is a great challenge"

Base rate benefits

SAVERS ARE are starting to reap the benefit of the latest rise in the bank base rate to 13 per cent last month. The announcement of an increase in some of the interest rates paid on National Savings products was followed quickly by building societies and banks. Guaranteed fixed-interest bonds are also proving very popular with those who feel the base rate is unlikely to be raised any higher.

The Government view of the longer-term outlook for interest rates will be revealed to some extent when National Savings, a Treasury offshoot, announces on January 3 the fixed-interest rate to be offered on its new five-year capital bonds, to be launched that month. Chancellor Nigel Lawson, at the Conservative Party's annual conference in October, made a great song and dance about the launch of the first new National Savings product for three years which, he said, would provide an *attractive new outlet for* savings.

Capital bonds, which will replace the deposit bonds that were withdrawn from sale on November 19, are different in that they will offer, like savings certificates, a guaranteed return over five years. Unlike savings certificates, however, the interest on capital bonds will be paid gross and will be liable to tax, so they should have a special appeal to non-taxpayers.

Much, though, will depend on the interest rate announced on January 3. The present (34th) issue of savings certificates pays a guaranteed rate over five years of 7.5 per cent net per annum – which, for top-rate taxpayers, is equivalent to an interest rate of 12.5 per cent a year. This is still a very competitive rate if you are prepared to lock away money for five years.

However, the other National Savings products do not have much appeal to taxpayers in spite of increases in interest rates announced this week. On *December 23, the interest rate* on the National Savings investment account, where the minimum deposit is only £5 and one month's notice of withdrawal is required, goes up from 10 to 10.75 per cent. This is equivalent to a net rate of only just over 8 per cent.

In addition, on January 22, the interest rates paid by National Savings on income bonds and deposit bonds will be increased on January 22 from 10.75 to 11.5 per cent.

Both income and deposit bonds pay interest gross, so they have an obvious appeal to non-taxpayers compared with building society and bank accounts where a fixed composite rate tax (now 23.25 per cent) is deducted automatically from any interest paid to UK residents and cannot be claimed back. But they have to be held for a minimum of year to avoid loss of interest, and the interest paid is liable to a higher rate (25 per cent) for standard-rate taxpayers.

Even at 11.5 per cent, they will not be competitive with *many building societies and* bank accounts which are now paying over 9 per cent net to standard-rate taxpayers and, in some cases, considerably more. Nottingham Imperial Building Society, for example, is now offering 10.5 per cent net on deposits of over £25,000 (and 9.75 per cent on minimum deposits of £1,000) with three months' notice of withdrawal required in both cases.

Among the bigger societies, Abbey National is raising its top rate on its Sterling Asset account to 10 per cent net for deposits of more than £25,000. A further bonus of 0.25 per cent is paid if no withdrawals are made for 12 months. Leeds Permanent has already lifted the interest rate on its Solid Gold account from 9.35 to 10 per cent net on deposits of over £25,000, and a similar rate is being offered by Bradford & Bingley *on its* Maximiser account.

Two new bank savings accounts were announced this week. Lloyds Bank is introducing an Instant Savings account on January 4. It is offering net interest rates starting from 6.5 per cent for deposits of between £1 and £500, up to 9.2 per cent for balances over £25,000. As the name implies, *you can make instant cash* withdrawals, rather than having to give notice.

The Co-operative Bank's new Cheque & Save account pays interest on deposits held in a current account with a top rate of 8.5 per cent net (11.06 per cent gross) on balances of over £2,500. But this is not as good as it seems.

The interest – which starts at 4.5 per cent for balances up to £400, rising to 7 per cent up to £1,000 and 8 per cent up to £2,500 – is based on the amount in each tier. This means that if you have a balance of, say, £3,000, the 8.5 per cent rate would be paid only on £500 while the rest would earn interest at the lower rates.

The clearing banks generally are increasing interest rates, although the amounts vary according to individual accounts. But the National Westminster's special reserve account, for example, now pays 9 per cent net on deposits of more than £10,000 with instant access to your money.

Bank and building society interest rates are of course variable in line with changes in the base rate. But if you believe that interest rates are near the top, you could consider "locking in" the present high rates by putting your money into guaranteed income bonds.

Intermediaries say there has been a surge of interest in these bonds recently. They are offered primarily by smaller, new insurance companies which are able to utilise unused tax relief, so giving better rates. In some cases, they arrange special deals with intermediaries.

For example, R.J. Temple, of Brighton, has been offering a Liberty Life guaranteed income bond paying 10.75 per cent net (after basic rate tax) for investments of more than £75,000 held for only one year. This is equivalent to a gross return of 14.33 per cent for standard-rate taxpayers and 15.23 per cent for higher-rate taxpayers, bearing in mind that there is a liability to pay *an additional 15 per cent to* cover high-rate tax.

As the accompanying table shows, there is selection of different rates available, according to the amount invested and the time period chosen. In some cases you receive income annually or half-yearly, while in others you can receive the whole amount at the end of the repayment period when the original capital is returned.

Just this week, Confederation Life announced that, from January 3-23, it would be offering a one-year guaranteed income bond paying 10 per cent net.

The names of some of the companies offering guaranteed income bonds may seem unfamiliar. But they are insurance companies, the financial health of which is the responsibility of an appointed actuary watched closely watched by the government actuary department. The Policyholders Protection Act also provides further reassurance for anyone worried about another Barlow Clowes.

John Edwards

GUARANTEED INCOME BONDS

Company	Minimum	1 Year	2 Year	3 Year	4 Year	5 Year
American Life	£1000	-	-	-	9.5%	-
Cannon Lincoln	£2000	-	-	-	-	9.30%
Canterbury Life	£10,000	-	7.95%	8.18%	8.41%	8.64%
CCL Assurance	£1000	10.1%	9.5%	9.25%	9%	9%
Confed. Life	£1000	10.0%				
Fin.Insur.Group	£2000	-	7.75%	8.0%	8.25%	9.00%
Gen.Portfolio Life	£1000	9.00	9.00%	9.00%	8.50%	-
Hill Samuel	£5000	-	-	-	-	8.50%
Liberty Life	£2000	7.75%	-	-	-	8%
MLA	£2000	-	-	9.25%	-	-
New Direction Fin.	£1000	10.10%	9.50%	9.25%	9.00%	9.00%
Pinnacle Life Assur	£1000	-	-	-	-	9.00%
Premium Life	£1000	-	-	9.1%	9.1%	8.8%
Prop.Equity & Life	£1000	-	-	-	-	9.00%
Providence Capitol	£1500	-	-	7.7%	8.4%	9.15%
Regency Life	£1000	-	-	-	-	8.5%

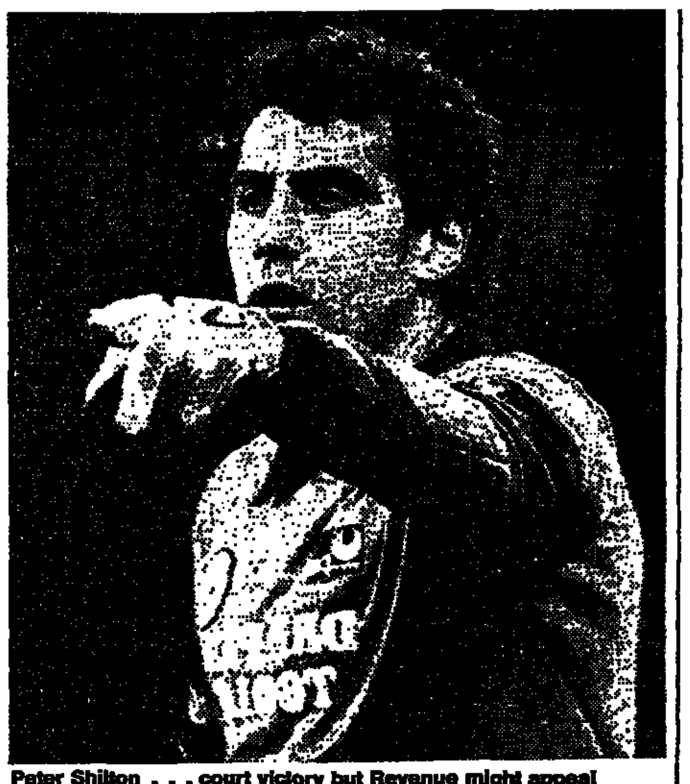
Source: Chase de Vere Investments(831 8616) and Hargreaves Lansdown,Bristol(0272-741309)

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.00	4.10	3.28	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	1,000-4,999	0
High interest cheque	7.40	7.70	6.16	monthly	1	5,000-9,999	0
High interest cheque	7.80	8.10	6.48	monthly	1	10,000-49,999	0
High interest cheque	8.20	8.50	6.80	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	5.50	5.58	4.46	half-yearly	1	1-250,000	0
High interest access	7.40	7.40	5.92	yearly	1	500	0
High interest access	7.65	7.65	6.12	yearly	1	2,000	0
High interest access	8.15	8.15	6.52	yearly	1	5,000	0
High interest access	8.40	8.40	6.72	yearly	1	10,000	0
90-day	8.40	8.58	6.86	half yearly	1	500-9,999	90
90-day	8.65	8.84	7.07	half yearly	1	10,000-24,999	90
90-day	9.15	9.36	7.49	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	2	5-100,000	30
Income bonds	10.75	8.47	6.78	monthly	2	2,000-100,000	90
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000	90
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.44	8.77	7.01	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.87	9.57	8.79	half yearly	4	-	0
8pc Treasury 1992	10.83	8.73	7.46	half yearly	4	-	0
10.25pc Exchequer 1995	10.52	7.93	6.38	half yearly	4	-	0
3pc Treasury 1990	9.96	9.18	8.70	half yearly	4	-	0
3pc Treasury 1992	9.09	8.25	7.74	half yearly	4	-	0
Index-linked 2pc1992§§	8.46	7.90	7.57	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Shilton catches taxman napping



Peter Shilton . . . court victory but Revenue might appeal

ENGLAND goalkeeper Peter Shilton has not only been saving goals but also some income tax in the High Court. By escaping the tax net, he might have found a gap in the Inland Revenue's defences that other taxpayers will be able to exploit.

The court case related to a payment received by Shilton in 1982 when he was transferred from Nottingham Forest to his present club, Southampton, for £325,000. In addition to an £80,000 signing-on fee from Southampton, the England 'keeper also picked up £75,000 from Forest. The question which Justice Morritt had to resolve was how much of the latter payment should go to the taxman.

The tax treatment of signing-on fees — which, if sufficiently large, may be renamed "golden hellos" — is a tricky subject and a source of frequent conflict between Revenue and taxpayer. Recent judicial decisions have tended to endorse the Revenue view, which is that up-front payments are made in anticipation of the new recruit's future services and are therefore taxable as income at his or her marginal rate. The only way to displace this assumption is to prove that the payment was made not to provide advance remuneration but for some totally different reason unconnected with the employee's future services.

That really leaves only two possibilities. Either the employer is buying an extra asset or advantage, quite apart from the benefit of procuring the recruit's services, or, more likely, the employee is being compensated for some special loss which he will suffer as a result of taking on the job.

The classic example of employee loss is that of rugby union players who join professional rugby league clubs and, as a result, are banned automatically for life from the amateur code. A 1964 court decision established that signing-on fees paid to such players as compensation for losing amateur status escape the tax net altogether.

The Revenue, while never challenging that specific decision, has always tried to keep it confined to the rugby field while squashing any other attempted justifications for tax-free "hellos." Indeed, earlier this year they were even spoilsport enough to limit the maximum tax-free take for rugby stars to £6,000.

Which brings us back to Shilton. Moving from one professional club to another, he never had any chance of jumping on the rugby bandwagon. On the face of it, his "golden hello" was an inducement to keep goal for Southampton and therefore subject to full income tax. The Revenue argued that this applied not just to the £80,000 from his club but also to the parting gift of £75,000 from his former employer.

Although Shilton accepted from the outset that the Southampton payment was fully taxable, he resisted the Revenue's attempt to apply the same logic to the Nottingham Forest sum. But instead of going for the (probably unattainable) jackpot of complete tax exemption, he used a less ambitious but ultimately more effective gambit. This was to admit that the money was taxable, but to assert that it was taxable only as a termination payment or "golden handshake."

Such payments have always been taxed more lightly than ordinary income. In 1982, a £75,000 handshake would have borne tax of only £18,750 — a saving of more than £25,000. Since the last Budget the advantages have been pared back, but the first £30,000 is still exempt.

The judge accepted that the £75,000 was a termination payment. The clinching argument against it being advance remuneration was that Forest had no interest at all in Shilton performing well for his new club — in fact, quite the reverse. Forest's only concern was that he should sign the transfer contract so that they could pick up their £325,000 fee. After that, they would presumably not have cared less if his form had gone to pieces.

Apart from meaning a £25,000 boost for Shilton, the case could suggest interesting tax-planning possibilities for other golden hello recipients.

Justice Morritt did point out that a payment by a former employer could sometimes be future remuneration — but, using the judge's own logic, this would be only in the unlikely event that the old boss wanted to motivate the employee to perform well in his new job. The fact that the former employer might well be unwilling to fund the payment should not pose a problem. Provided other monies are passing between the various parties — as in Shilton's case — then presumably the deal can be structured to ensure that the sole loser is the taxman.

The only snag with this decision, as with all High Court *decisions in favour of the taxpayer*, is that the Revenue might appeal.

Windra Crozier-Shaw

David Barchard on the choices facing a building society's membership

A change of habits at the Abbey

ARE YOU a longstanding member of the Abbey National? If so, now might be the time to begin mulling over the choices you will be called upon to make soon about the society's future.

Last March, the Abbey's board announced that it planned to shed mutual status — mutuality means that it is owned by its members, chiefly its depositors — and become a company quoted on the stock market. The news has provoked anger from some members although others accept the board's *argument that this* is the only way building societies can survive over the long term in the cut-throat financial markets of the 1990s and beyond.

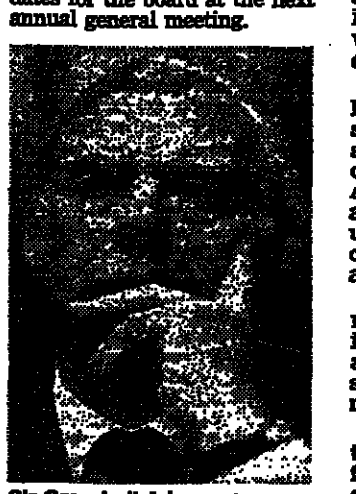
Two things happened this week which should help you to judge where you stand on these issues. First, it became clear that Abbey National will be handing out free shares to its members if it has its planned stock market flotation in the middle of next year.

It looks as if all members will be handed an equal number amount of shares, no matter how much they have deposited with the society. There have been press claims that the value of the shares will be as much as £600, but it all depends on how much capital the board decides to raise and how the market reacts. A handout to each member of £200 looks more likely than the higher figures being quoted.

A minimum balance of £100 in an account with Abbey National on the qualifying day is needed. When was the qualifying day? The society won't say but it hasn't necessarily passed yet.

The issue of free shares — and the rights issue which is expected to come hot on its heels at the time of the flotation — will mean that those Abbey National members who want to retain their status as owners will be able to do so, by becoming shareholders.

However, if you think that Abbey National's board is heading in the wrong direction, you are likely to have the chance to vote against its plans even before the flotation issue is put to members at a special general meeting next year. AMAF — the group of Abbey Members Against Flotation — announced on Wednesday it will be fielding seven candidates for the board at the next annual general meeting.



Sir Campbell Adamson

The rebels have found a distinguished-looking list to offer. It includes a senior partner in a firm of City chartered accountants, two professors (one in accountancy and the other in economic history), a lecturer in business studies, and the Master of St Catherine's College, Cambridge, as well as Alec Lever, AMAF's chairman.

Building society activists have been trying to win representation at board level for some time. They won one seat on the board of Nationwide Anglia earlier this year although that was less of an upset because Nationwide is committed to staying mutual, at least for the time being.

Putting up candidates will mean that AMAF can circulate its views to all Abbey National's members in its election statement, something it has not been able to do so far.

AMAF says it decided to take the grave step of putting forward opposition candidates only because it was unhappy at what it sees as the very one-sided treatment of the flotation issue by the board. It was particularly upset when its resolution for an extraordinary general meeting was vetoed by the board on highly technical legal grounds, even *though* it was backed by more than the necessary minimum of qualified signatures.

Among the members who are due for re-election at Abbey National's next AGM are Sir Campbell Adamson, its chairman, and Peter Birch, the chief executive. If either of them were unseated, it would be a real revolution in the building society industry. Conversion into a plc could hardly go ahead without them — but the fortunes of Abbey National in the markets might also be jeopardised.

AMAF says it is confident of getting some of its members onto the board. This is a more limited aim, but would also be a great embarrassment for the supporters of incorporation.

EXPATRIATES

Paying for best advice

THE EXPATRIATE market is perceived often as one where high tax-free earnings go hand in hand with financial naïveté. Faced with such tempting opportunities, it is perhaps not surprising that financial organisations are sometimes overzealous in selling their wares.

It is for this reason that many expatriates decide to seek independent financial advice before committing their hard-earned dollars and dirhams. But how independent is the advice on offer in a market where the advisers are remunerated in the form of commission paid to them by the insurance companies and fund management groups with which they place clients' business?

The question is not new but has been given a fresh reason for debate because the Cambridge-based International Tax and Investment Planning (ITIP), 90 per cent of the clients of which are British expatriates, chose the Money Show held in Dubai last week to launch a fee-based service under which any commission received by ITIP is rebated to the individual client.

David Young, the managing director of ITIP, is well known among British expatriates as the founding editor of the magazine *Resident Abroad*. He justifies his move to a fee-based system of charging clients by saying it means that their financial advice is "wholly untainted by any considerations of commission or investment sales."

If it sounds like the conversion of Saul on the road to Damascus, Young is at pains to point out that fees have always been part of his company's philosophy even though, in practice, most income has been generated through commission payments from insurance and investment companies. Nevertheless, the move is a brave one.

Does the trend towards fee-charging for financial advice mean that those advisers who receive their remuneration in the form of commission from financial institutions are failing to give best advice? Not necessarily. But a dependence on commission must inevitably point advisers in the direction of contracts which provide that, possibly to the exclusion of those that represent best advice for their clients.

However, that is looking at the problem from the adviser's point of view. When expatriates present a financial problem to a financial adviser, they should be entitled to a financial solution. What they get, all too often, is an insurance or offshore fund-based solution which might or might not be appropriate.

It will take time for financial advisers to embrace fees, and it will be a painful transition, but the logic of the transition is irresistible. While it should not be assumed that advisers who derive remuneration from commission are offering second-rate advice, there are 10 questions that expatriates can ask their advisers to discover if the advice they are getting is reasonably impartial:

■ Is he independent or is he tied to a single insurance or investment company? (If he is tied he's not an adviser — he's a salesman).

■ How long has he been in business?

■ What are his qualifications?

■ Is he authorised under the UK's Financial Services Act? If not, is he authorised elsewhere?

■ Does he have professional indemnity insurance?

■ How accessible is he? If not local, does he visit your part of the world regularly?

■ How often does he review your portfolio and provide you with a valuation?

■ Does he require you to make investment cheques payable to himself or his company, or are they payable to the investment or insurance company itself?

■ If cheques are payable to the adviser, does he maintain a separate client account?

■ How much information does he insist on from you? (It might be tedious — but the more detailed his requirements are, the more likely you are to receive comprehensive advice).

These 10 key questions are not exhaustive. They should be supplemented to match your individual requirements. Nevertheless, if the answers you get are satisfactory, then you should not go far wrong.

There is a final set of questions, the answers to which will be entirely subjective. The questions are no less valid for that. Do you get on well with your adviser? Do you trust him and feel comfortable with him? After all, if he's going to give you best advice, he should know more about you than almost anyone else does.

Peter Gartland

□ *Peter Gartland is Editor of The International, the FT's magazine for expatriates.*

Neighbours complain

I OWN TWO flats on 999-year leases. During the major part of the year I let them to holiday-makers for short periods, and in the winter I let them to tenants for up to five months at a time. Now, occupants of neighbouring flats are objecting to the use of my flats by holiday-makers — but not by the longer-stay tenants — on the ground that I am running a business. The flats are in separate buildings and the terms of the lease therefore vary.

In one case, the restriction which they say I am not observing reads as follows: "Not to use the demised premises, nor permit the same to be used, for any purpose whatsoever other than as a private dwelling in the occupation of one family only." In the second case, the restriction I am alleged to be ignoring says: "Not to carry on, or permit or suffer to be carried on upon the demised premises or any part thereof, any trade or business of any kind whatsoever, but to use the same as a private dwelling house in one single or family occupation only and not for any other purpose."

My understanding is that the tenants I place in these flats, whether as holiday-makers or longer-stay tenants, use the flats purely for residential purposes and, therefore, the above restrictions are being observed. Am I right?

■ We think that your interpretation of the covenants is correct, and that you are not in breach of them. Any business carried on by you is not carried on in either flat.

Allowance refused

FOLLOWING separation from my ex-wife in June 1981, I have made voluntary maintenance payments. She was, and still is, in full-time employment but refused to enter into a legal separation agreement. My solicitor advised me that I should be entitled to tax relief on these payments, and tax guides indicate that I should have received a married man's personal allowance until the divorce was completed. However, my allowance was reduced to a single person's allowance and the Inland Revenue has stated that a married man's allowance would be given *only if my ex-wife* was not working.

These seem inconsistent with the usual married man's allowance, which does not vary whether the wife is in paid employment or not. Should I accept this interpretation or request the inspector to reconsider?

■ Your solicitor was mistaken in what he told you (unless he was unaware that your wife had an income in her own right). Ask your solicitor whether he overlooked the condition in section 8(1)(a)(ii) of the Income and Corporation Taxes Act 1970 (now re-enacted as section 257(1)(a)(ii) of the Income and Corporation Taxes Act 1988) that a man cannot qualify for the married man's allowance after the end of the tax year in which he and his wife separate unless "his wife is wholly maintained by him during the year of assessment").

Bill from solicitor

I RECENTLY sold a house on behalf of my sister, acting with her enduring power of attorney. The solicitor quoted a fee in writing of £375 plus VAT. When he presented his account, this had gone up to £400 plus VAT. On my querying this he said that he had to make extra inquiries. Must I accept this?

The house was unoccupied and the purchaser requested early occupation before the agreed completion date. The solicitor allowed them to take possession *before telephoning* me for my permission. Surely this was illegal? Have I any claim financially or otherwise against the solicitor?

The solicitor withheld payment to me for 10 days after the new owner moved in so that I lost the use of £90,000. In my building society, this would have been earning 8.1 per cent, i.e. £20 per day approximately. He also held the 10 per cent deposit for six weeks or so. How can I retrieve the balance of £25 on the solicitor's fee?

■ The extra £25 charged by the solicitor might well be justified: however, we suggest that you invite him to revert to the original sum quoted in view of his failure to procure that the purchaser should pay interest from the date when he went into possession.

The total purchase price will have fallen *due to be remitted* to you on completion, not on the date when the purchaser was allowed into possession. The interest on the deposit is not accountable to you if the deposit was held as stakeholder. On any footing, the charge for conveyancing was quite modest at less than half a per cent of the sale price.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Flats won't avoid CGT

MY NEPHEW intends to buy a 99-year lease of the first floor above a shop. It has planning permission for three one-bedroom flats. He plans to convert the floor into these flats and *dispose of two or all of them* immediately upon completion, which he estimates to be within six to nine months after his purchase. He is a first-time buyer and has no other property or mortgage.

Will capital gains tax arise on any of the disposals, with particular reference to the Capital Gains Tax Act 1979, section 103(3)?

■ As you say, section 103(3) of the CGT Act deprives your nephew of any entitlement to exemption from CGT. In fact, his tax inspector is likely to assess him to income tax on the profit from the transaction, either under case I of schedule D (as an adventure in the nature of trade) or under case VI (insofar as that is not precluded by sub-section 9 of section 776 of the Income and Corporation Taxes Act 1988).

Cut down in its prime

A FEW DAYS after the great storm in October 1987, and while I was absent from my home, my neighbour cut down a large conifer tree in my garden. He said he had done this because the tree was "dangerous," but he would not explain why. The planning officer of our district council inspected it and said he could see no reason why it could have been dangerous, and a reservation officer from the Woods Mill Sussex Trust agreed exactly the same opinion.

Some years ago, my neighbour complained that one of his chimneys "smoked" and claimed the tree was responsible *by causing a downdraft*. However, he now denies that this was his motive for cutting it down. I am proposing to sue him in the County Court (small claims) for trespass and damage, probably claiming £500 because I have discovered I can obtain a medium/large conifer for about this cost. Do you consider that my neighbour could make out a valid defence?

■ On the information you have given us, we can see no case for any defence on the part of your neighbour. There is no reason for you not to pursue your claim for £500, or thereabouts, vigorously (subject to proof of the cost of a replacement tree).

Damaged by a tree

A RELATIVE (who is an OAP) lives alongside a block of flats. A tree within the flats' grounds is not looked-after and, every so often, my relation has to ask the agents of the flats if they will cut it back because of branches hitting his roof and chimney.

I have found out that there is no restriction order which would prevent the tree being removed, but the flats are not willing to have this done. It is also thought that the roots of the tree caused damage to my relative's water supply, which has had to be replaced.

He is not able to lop the tree himself because of his age and is very fearful regarding his legal position. Can you offer any advice?

■ Your relation has the right to require the owners of the tree to prevent it from damaging his property by any growth (i.e. of branches or of roots) which actually invades his property. If the tenants of the flats were to prevent the agents from keeping the tree trimmed back, your relation could seek a court injunction to require them to do so (likewise with invading roots). Your relation does not have to trim the tree himself. If the matter becomes too difficult *for him to handle alone*, he should consult a solicitor.

Chess

HANDICAP and odds games used to be normal practice when chess masters met amateurs. The norm was for the stronger player to give his weaker opponent the start of a pawn — usually the king's bishop's pawn — and move, a pawn and two moves, a knight, a rook or, in extreme cases, a full queen.

Strategy was dictated by the odds, and a major objective for the stronger side was to avoid exchanging pieces. An expert who gave a pawn and move start tried to castle quickly on the king's side and use the king's bishop file with its missing pawn as his attacking route. Odds of a queen's knight meant an aggressive opening like the King's Gambit, and taking advantage of the vacant queen's side square to castle quickly.

Games with odds of queen's rook were dangerous to play, for they could easily be a source of dispute and ill-feeling. The reason was a convention that White's queen's rook's pawn could start the game at QR3, and that the odds-giver was allowed to "castle" by moving his king to QB1 despite the absence of the castling rook. Odds receivers, confronted with such semi-legalities, suspected the expert of sharp practice.

Players whose lack of skill required the generous bonus of a queen start were the butt of jokes. There is a story that Adolf Anderssen, unofficial world champion in the middle of the last century, once visited a small German town and offered queen odds in the local club. He duly won and, during the resulting post-mortem, the master's name slipped out.

The defeated queen odds player asked: Are you the great Adolf Anderssen?" He replied: "No, I am not the Anderssen of whom you speak. But I have a friend, who sometimes consents to play me, whose name is also Anderssen, and that friend gives me a queen start. And, as it happens, my friend knows the great Anderssen you mention, and he in turn gives my friend a queen start."

Odds chess flourished in the middle to the late 19th century, then declined in popularity rather abruptly. Contemporaries did not offer an explanation, but the most likely is simple economics. Odds games normally were played for a stake; and if the weaker side lost, he tended to ask for a larger handicap. Without clocks, the games could be slow and professionals found that odds chess was a precarious way to survive.

The spread of a railway network made possible the more acceptable alternative of simultaneous exhibitions, where masters — Blackburne was the leading British exponent — could visit local clubs and take on 20-40 opponents at once, each paying a board fee. There were no material odds but shrewd experts found that regular tours and return visits could be ensured by an occasional defeat, particularly if the club president or secretary scored the point.

Chess clocks, which became available generally in the 1880s, also hastened the decline of material odds-giving, for the player who insisted on a one-to-one encounter with an expert could be offered a five- or 10-minute game with suitable time odds. These two approaches could also be combined acceptably — I remember as late as the 1950s watching the veteran Dr Tartakover in a Paris cafe where his main income source was a well-to-do amateur who spent hours each day playing the grandmaster five-minute chess at knight odds.

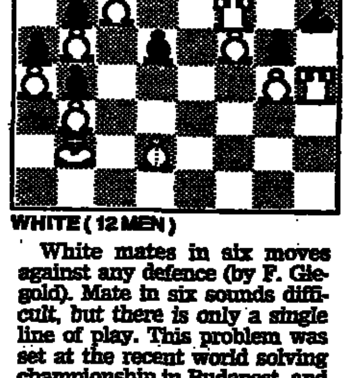
White in this week's game was Henry Buckle, author of *The History of Civilisation in England* but known best for his reputed last words: "My book, my book! I shall never finish my book." Buckle was master strength at chess and here gives odds of queen's rook. His tactful decision not to insist on a pawn at QR3 is well vindicated at moves 10-13.

White: Buckle.
Black: Brown.
Petroff Defence, London 1849 (remove White's QR).

1 P-K4, P-K4; 2 N-KB3, N-KB3; 3 P-Q4, PxP; 4 P-K5, N-K5; 5 B-Q3, N-B4; 6 O-O, NxB; 7 QxN, P-Q3; 8 R-K1, B-K2; 9 PxP, QxP; 10 N-R3, P-QB4; 11 N-QN5, Q-QN3; 12 B-B4, N-R3; 13 N-Q6 ch, K-B1; 14 N-KN5, Q-Q1; 15 Q-B4, B-K3; 16 RxB (16 NxB ch is simpler), BxN(Q3); 17 NxBP! Q-Q2; 18 BxB ch, K-N1; 19 N-R6 ch, PxN; 20 R-N6 mate.

PROBLEM No. 752

BLACK (13 MEN)



WHITE (12 MEN)

White mates in six moves against any defence (by F. Giegold). Mate in six sounds difficult, but there is only a single line of play. This problem was set at the recent world solving championship in Budapest, and the experts cracked it in an average of around 15 minutes. See how you compare.

Solution Page XVII

Leonard Barden

Bridge

MY FIRST hand, which comes from rubber bridge, was dealt by West at love-all:

N
♠ A K 9 7 4
♥ A J 10 6
♦ A 6
♣ 4

W
♠ 3
♥ K 9 8
♦ J 10 3 2
♣ A K J 10 5

E
♠ Q 6 2
♥ Q 4 2
♦ 8 7 6
♣ Q 9 7 4

S
♠ J 10 8 5
♥ 7 5 3
♦ Q 9 5
♣ 8 3 2

West bid one club and North had a slight problem. There were gaps in his hand but he decided to press for game by saying two clubs. East passed; South replied with two spades; and, with five-card support for his partner's forced response, North raised to four spades and all passed.

West opened with his king of clubs, on which East dropped the nine. This, let me say, was not a suit preference signal but a demand to lead another club — East was eager to have dummy's spades shortened.

The club ace, which followed, was ruffed on the table and the declarer summed-up the situation. If trumps broke 2-2, there was no problem; but if he cashed ace and king of spades and found one defender with the guarded queen, he could not come twice to hand to take two finesses in hearts.

If South plays ace, king and four of spades, East wins and must time the defence carefully. To force dummy with a club at this point is premature. He must lead a diamond. South cashes ace and king and comes to hand via the queen to finesse the heart 10.

East wins and now is the time to lead another club. This forces dummy to ruff and leaves declarer locked in dummy, compelled to lose another heart. But South avoided all difficulties by playing the ace of spades, followed by the seven.

This duck gives up a trick unnecessarily, if trumps break 2-2, but it ensures another entry to hand — a neat safety play which can be missed easily in the heat of battle.

This hand *from another* rubber was very interesting:

N
♠ K 6 5
♥ A 8 4 3
♦ 8 4 2
♣ J 10 3

W
♠ Q J 2
♥ K J 10 7 6
♦ A K
♣ 7 6 4

E
♠ 10 9 8 7 4
♥ 2
♦ 10 7 6 5 3
♣ 9 5

S
♠ A 3
♥ Q 9 5
♦ Q J 9
♣ A K Q 8 2

With North-South game, West dealt and bid one heart. This was followed by passes from North and East and South now had to choose the best re-opening. He decided to bid two no trumps, which is not open to criticism, and North raised to three.

A heart *lead hands declarer* his contract on a plate but West opened with the queen of spades, on which East signalled with the 10, and this was allowed to hold. The knave, which followed, was taken by the ace.

South cashed the ace of clubs, crossed to the 10 — East playing the nine — and returned the two of diamonds to the queen and king. West played the two of spades to dummy's king.

At this point, the declarer has a fairly accurate count on West's hand. He holds three spades and three clubs plus four hearts and three diamonds or, more probably, five hearts and two diamonds.

Cashing the club knave to strip West of an exit card, declarer played a diamond from dummy to the nine and ace — if West has the 10 as well, he is not worried. West was endplayed and had to lead a heart. South won with his queen and made an overtrick.

The opening lead of the spade queen was a good choice, but declarer handled it well.

E. P. C. Cotter

Diversions

Children – the silent minority in our society

Christian Tyler examines the little big spenders

WHATEVER ELSE it might become, Christmas is still the children's festival. In the final fling of Christmas 1988, the British will be using their little ones as a pretext for spending something like £15bn. Charity appeals through press and television, an established part of the season, will have raised many more millions for the neglected, abused and abandoned children of others.

These are large sums. But they are only a small measure of the emotional grasp and economic clout of our offspring. By any yardstick, British children, rich and poor, have become formidable consumers of goods and public services. There are 11m of them under 16 years old, spending nearly £1bn a year on clothes, sweets, snacks, tapes and other goods pushed under their noses by TV advertisers. The disposable income of those between seven and 17 has been estimated at more than £4bn a year. By the time the Christmas wrapping has been stashed away, the average child will have brought the value of his annual haul of toys and games up to £100 a head.

Market research sees children as big little spenders. The social services see them, in the famous phrase of the Cleveland child abuse inquiry, as "objects of concern." Parents try to be wiser but tend to see them as objects of their own anxious and possessive love. Yet it is a curious fact, even after a century of parliamentary reform and judicial review, that children are treated so rarely, in the full sense, as people.

The Government has just published its Children Bill, a modest measure that tidies up the law on care proceedings and claims to strike a new balance between the rights of children, their parents and the state. Last year's Family Law Reform Act improved the lot of children born outside marriage. But how far have the attitudes of parents, teachers and MPs really changed in the 60 years since Bertrand Russell, in his *Marriage and Morals*, accused adults of warping children by lying to them about sex?

The ambiguity of children's legal status betrays our ambivalence about their real identity. Perhaps the confusion is itself a sign of progress. The law no longer allows us to regard the age of majority – 18 in Britain – as the age at which people suddenly cross a threshold from childhood to adulthood.

Our feelings of ambivalence are certainly heightened by the speed at which children seem these days to advance into the adult world. They are a large economic class as spenders and savers, courted by manufacturers, banks and building societies. They are a social class with its own cults, fashions, hierarchy and language. In many respects they are an under-class, vulnerable to mental and physical cruelty, exploitation and neglect. They are a minority which, like any minority, has to call on the law to defend it from discrimination. But they are also a rising, revolutionary class with its own demands, solidarity and sense of collective rights. Children have, as every parent can testify, an acute sense of fair play and natural justice.

In whatever guise they come, children have both benefited and suffered from a process of emancipation that has brought them virtually everything but the vote. Physically, they are bigger and healthier – even to the point of developing middle-age spread and shortness of wind before their teens. "There has been a remarkable improvement in the survival and growth of children," concluded the Court Report on child health services in 1976. Despite the mountains of sweets they consume they have, gradually, been putting dentists out of business.

With improving physical health has come a greater awareness of mental health: as many as a million children are said to suffer disabling psychiatric disorders. They are also

They are getting vulnerable to the modern disease called stress

becoming vulnerable to the modern disease called stress. A girls' school in Bath is teaching "stress management and relaxation" because the students reportedly are unable to cope with the fact that life is less glamorous and exciting than TV soap operas tell them it should be.

Physically and intellectually, they may be more mature. Emotionally, they are probably as young as ever. They leave school later and they marry later. While advertisers and broadcasters may talk about the sophistication of their juvenile audiences, they have not yet claimed the right to assume in them adult judgment as well.

The rules to prevent children being misled by advertisements for toys and games are "quite stiff," according to Penny Verry, an account-planner at the Ogilvy & Mather agency. "But what gets forgotten is how much of the other advertising children watch and how pervasive an influence it has." Surveys suggest advertisers customarily under-rate children's powers of discrimination. (Their three current favourite TV ads – for Anchor butter, British Telecom and Carling Black Label lager – all are designed for adults.) On the other hand they are persuaded very easily, from fear of falling behind their friends into badgering parents for all kinds of commodities promoted on the screen. And a report published this week concluded that seductive beer ads aimed at adults only encourage under-age drinking.

Statisticians have told us a good deal about children's behaviour: how much they drink and smoke, how much pocket money they get (more in Scotland than in the south of England, as it happens), what they eat for breakfast and fail to eat for lunch, or at what age they start talking of boy-friends and girlfriends.

Economists construct models of procreative behaviour so that we shall know how many children to expect in the future. The National Institute for Economic and Social Research, for example, informed us solemnly last month that parents are "solving an inter-temporal optimisation programme which entails an optimal time path for child-bearing and an optimal number of children that vary with elements of the lifetime budget constraint." As if we didn't know.

One result of this sort of analysis is a tendency, according to some experts, for policy-makers increasingly to regard children as some kind of consumer durable. You buy a flat, a car, a washing machine, and then you have a baby. After that, you buy a yacht. The identity of children as people seems to have been mislaid.

Indeed, it is remarkable how little their voices are heard. How many school heads, for example, know what the pupils think of their own teachers' ability? But ask almost any five-year-old and you will get a trenchant answer. When children do get a chance to air their views, adults tend to smile patronisingly, perhaps to conceal their surprise and discomfort.

Every generation tends to think its children are grossly over-privileged. The question is whether changes in public attitudes, institutions and the law are needed further to promote and defend children's interests. Since children cannot vote, their views must find another outlet. Perhaps it is time they had a national referendum. Why, for instance, are children watching television for an average 23 hours a week? How far can parents' rights be upheld in the face of parents' apparent lack of control?

The question of parents' rights was tackled most memorably and controversially by the House of Lords three years ago when, by three votes to two, it halted a campaign launched by Victoria Gillick, the mother of five daughters. She had asked the courts to rule that doctors should be prevented from prescribing the contraceptive pill to girls under 16 without the parents' consent.

Their Lordships travelled back a century in order to trace the decay of parental authority. They quoted Lord Denning who, in 1970 in another case, had described the Victorian parent's expectation of unquestioning obedience to his commands. "If a son disobeyed, his father would cut him off with a shilling. If a daughter had an illegitimate child, he would turn her out of the house. His power only ceased when the child became 21. I decline to accept a view so much out of date."

Lord Denning said the parent's legal right to custody of his child ended at the 18th birthday. But he added: "Even up till then, it is a dwindling right which the courts will hesitate to enforce against the wishes of the child, and the more so the older he is. It starts with a right of control and ends with little more than advice."

The Gillick judgment is packed with stimulating argument on both sides. Lord Scarman, voting with the majority, declared that the "principle of the law" was that parental rights derived from parental duty and existed "only so long as they are needed for the protection of the person and property of the child." In another passage, he said the law is concerned "with the problems of the growth and maturity of the human personality. If the law should impose upon the process of 'growing up' fixed limits, where nature knows only a continuous process, the price would be artificiality and a lack of realism . . ."

Asked recently by the Children's Legal Centre to state their position on a set of possible reforms, MPs were clearly in favour of setting up a new type of family court to deal with custodial questions; of putting fewer children behind bars; and of giving them a complaints procedure in schools and hostels. They were less clearly in favour of creating pupil governors in schools and giving children more say in custodial and parental access proceedings. They were evenly divided – and along party lines – on the question of corporal punishment. They were hostile generally to the idea that children should see their own files or be allowed

Their identity as people seems to have been mislaid

economic independence through the social security system. They were clearly against lowering the voting age to 16. (Brazil has done so recently).

There have been periodic calls for a "minister for children" or a special ombudsman, a parliamentary select committee or some kind of independent council of experts, agency officials and trustees. This last was suggested, posthumously, by a quango called the Children's Committee which was disbanded in 1981 by Patrick Jenkin, MP, when he was at the Department of Health and Social Security. But the committee's recommendation was wrapped up in a report called "A voice for all children" that was so woolly it can have cut little ice with a radical and hard-nosed Government.

The National Children's Bureau is the nearest thing to a policy centre. Its director is a psychologist, Dr Ronald Davie, who says he is disappointed at chances missed in recent legislation. The Children Bill he criticises for failing to give children new rights; the Criminal Justice Act, although allowing children to give evidence in court by closed-circuit television, has not admitted videotape recordings; and the market-based education reforms, he says, will probably leave backward and handicapped children worse off. He is worried particularly by what he calls the exploitation of under-age girls as advertising models. "Sexual abuse of children is a much wider phenomenon than a few inadequate and pathological families," he said. "It could not exist in a society so widely without some kind of aiding and abetting."

Campaigners for children's rights are careful to emphasise that the primary responsibility for under-age citizens will always rest with the parents who engendered them. "For most practical purposes, children's and parents' wishes and rights are coterminous," said Davie. "But when there is a conflict, we should not be too concerned about parents' rights – we should call them responsibilities."

Frank Field, MP, who made his name with the Child Poverty Action Group, says the UK's policy record is not particularly creditable. He thinks Britons still tend to define altruism as being kind to animals. "We like to think we are rather good. In fact, we behave rather badly: children are not made that welcome."

It is a matter of learning to see ourselves not as owners or suppliers of children but as their trustees. "Trusteeship is a Christian idea," Field said. "It means that children are given on trust to people, both to individuals as parents and to communities and the nation. They are in a special category."

What they can do under English law

■ AT ANY AGE, CHILDREN CAN:
Agree to or refuse medical treatment if they understand the implications
Live with relatives, with parents' consent (or with friends in some cases)
Be made a ward of court
Choose their religion, unless harmful
Smoke cigarettes unless stopped by policeman or park-keeper, but smoke a pipe with impunity
Open a bank account (although not normally until after the age of seven)
Borrow money (but the debt cannot be recovered)
Inherit goods or money, but not own property or land
Sue in court through a "next friend," and give evidence in court
Enter into certain contracts
Complain about discrimination on grounds of race or sex
Complain against the police
Apply to see most personal files

■ AT FIVE, THEY CAN:
See a PG film unaccompanied, at cinema manager's discretion
Drink alcohol in private

■ AT 10, THEY CAN:
Be convicted of a criminal offence, if knowledge of wrongdoing is proved
Be searched, fingerprinted and photographed by police
Be detained, including for life, for murder

■ AT 12, THEY CAN:
Buy a pet

■ AT 13, THEY CAN:
Work for two hours a day at certain jobs

■ AT 14, THEY CAN:
Go to a pub, but not drink alcohol
Possess a shotgun or airgun, and use it under adult supervision
If a boy, be convicted of rape and sexual assault, or of unlawful intercourse with a girl under 16.
If a boy, be sent to a detention centre

■ AT 15, THEY CAN:
See a category 15 film
Serve a youth custody sentence
Open a Giro account, with a guarantor

■ AT 16, THEY CAN:
Leave home without parents' consent, but at risk of being taken into care or made a ward of court
If a girl, consent to sexual intercourse
Marry with parental consent or court permission (or marry without in Scotland)
Possibly rent a flat from council or housing association
Leave school and work full-time
Claim supplementary benefit
Join a trade union
Apply for own passport
Join the army, if a boy, with parents' consent
Drive a moped and a lawnmower
Buy cigarettes, liqueur chocolates, fireworks and Premium Bonds
Sell scrap metal
Drink beer, cider and wine with a meal in the dining area of a pub or hotel
Enter, or live in, a brothel
Take part in a public performance without a licence
Be pilot-in-command of a glider

■ AT 17, THEY CAN:
Go to jail
Drive a car
Buy or hire guns and ammunition
Become a street trader
Hold a pilot's licence and learn to fly a helicopter
If a girl, join the army at $17\frac{1}{2}$, with parents' permission

■ AT 18, THEY CAN:
Do most things – except consent to a homosexual act (if a boy), become an MP or local councillor, hold an HGV licence and sell alcohol.
(Source: The Children's Legal Centre)

BRIEFING

And for the next ploy . . .

WITH TRAVEL market competition growing ever more intense, we can expect the debut of more and more eccentric or ingenious sales promotion ploys. For example, the Lake Vyrnwy Hotel (tel: 069-173-692), set in a 24,000-acre country estate in mid-Wales, is offering "Brolly Breaks" between January 2 and March 31, excluding bank holidays. The cost is from £80 a person for two days, with the third day's accomodation free – and a guarantee of rain thrown in (well, almost).

Each guest will receive a bunch of yellow roses and a brightly-coloured umbrella on arrival. In the event of sunshine, a free bottle of champagne will be placed in each room. To check the small print, I rang the hotel and discovered you get one bottle per stay, not per day. This hotel is also offering what it calls "helicopter safaris" over the castles, coastlines, valleys and mountains of mid-Wales. These stays will cost from £260.95 per person for two days.

Rather differently, Ski Rendezvous (tel: 0727-45400) is offering a "free sunshine stay in France" during early or late summer next year for those booking a New Year or January holiday on the slopes. It says that its French village resorts – La Clusaz, Chatel, Les Gets, Megeve, Les Carroz and Thollon – have received early snow and that local experts are predicting a "superb" skiing season.

The offer, for groups of four or more, consists of a week's free accommodation in a choice of *gites*, cottages or farmhouses in April, May, June, September or October, and is said by Deborah Potts, a director, to be "worth up to £200 or more" per ski party.

Finally, Pickfords Travel is holding a "sale day" on Tuesday, December 27, offering £50 off all bookings made at any of the 330 Pickfords shops that will open specially.

Michael Thompson-Noel

Nice, neat, rural and a time warp

Nick Garnett meets America's Plain People

YOU START seeing pretty weird things just about as soon as you cross into Lancaster County. The first mile or two looks nothing more than neat, nice, rural America. The road dips and rises between the farm spreads, large metal grain silos standing erect like wingless space shuttles. New York, 200 miles away, might as well be on the moon.

Then you notice something odd up ahead, the first sign that this is no normal community. Across a field, a tractor is moving very slowly. Not the usual type of farm machine, this is an old – very old – tractor with a high smokestack like something from a Popeye cartoon. There are no tyres, either, just metal-clad wheels. The driver wears a hat with a gigantic brim.

Further along the narrow tarred highway, a young girl is dropping a letter into a postbox. A cast-off from a Jane Austen novel, she wears a long blue, billowing dress to the ankles, black plain shoes and a bonnet pulled over her head.

A mile further up, you catch first sight of the black boxy shape of which you are going to see an awful lot in this tiny corner of Pennsylvania. The enclosed buggy is travelling at no more than 10 mph. The single horse pulling this prop from *Shoot-Out at the OK Corral* is an immaculate chestnut. Slung underneath the buggy is a big battery powering the indicators and sidelights. Two old ladies, dressed in black with black bonnets, peer intently at the road from behind the windscreen (complete with wipers).

Lancaster County is where a time warp lives side by side with the 1980s. Of its population of 475,000, around 100,000 are Mennonites, a religious people with roots in central Europe who came to North America early in the 18th century. Lancaster County is the most densely populated Mennonite county, but there are several hundred thousand of these people now in 11 US states with a small colony implanted in South America.

There are many fascinating things about the Mennonites. Some of the more conservative of them – known collectively as the Plain People – have their own wood-built schools with outside toilets, teaching up to the age of 14. They allow their youths to work in shops or garages before clawing them back in their early 20s into the farm-based Mennonite economy.

They and other religious groups like the Lutherans have given the whole area a strong German flavour that oozes from roadside signs. Stoltzfus Bake Food, Achenback's Pastry Store, Hermann's chewing tobacco. The first American pretzel factory was established in Lititz. Kauffman's store ("Underwear not returnable – by state law" and "Do not try on footwear without socks") has been a main hardware supplier since 1779.

Above all else, what is so intriguing is their long-running and losing battle with The Machine. One original and basic tenet of Mennonite belief has been the slowing down of progress in the use of powered equipment. This has created scores of break-offs and schisms as economic and social pressures to use particular contraptions – the telephone, electricity, vehicles with rubber tyres that run on the road, computers – become, for some, just too great. They leave the traditional fold, take other families with them and give their separate Mennonite sect a new name.

"Mennonites have tried to live a pure church so the question comes as to how far we can go along with machines," says Amos Hoover, farmer, middling conservative Mennonite and local history buff. "How far can we go, yet continue our bonds and prevent the destruction of our way of life. At various times you reach breaking point."

Some Mennonites are so "progressive" that they use every type of thing the modern material world offers. They drive cars, work in offices, dress like any other Americans – except for a prayer cap in the home. The county has 15,000 of these so-called Lancaster Conference Mennonites.

Right at the other end of the scale are the Stauffer Mennonites and the Amish, the latter community almost a separate religious group on its own and forming the backdrop for the Harrison Ford film, *Witness*. These people dress severely, usually have no direct lines to the national electricity grid and use no vehicles which can power them forward. They will buy a $50,000 diesel-engined baler but use the engine only to drive the baling operation, not to move the machine.

In between is a whole gradation of compromises with the modern world. Amos Hoover himself is a Horning. A big row in 1927 over the automobile led eventually to the Weaverland Mennonite Conference, better known as the Hornings after the break-away leader, Moses Horning. These people drive cars (the odd Cadillac included) with painted-over chrome and are also referred to as the Black Bumpers.

Warren Martin is a farmer near the small town of Leola. He is also a Team Mennonite – pretty conservative, although the men wear factory-made denim clothing and blue narrow-brimmed hats rather than the more outlandish garb of some of their neighbours. Warren picked us up in his cart, the two horses making light work of the couple of miles or so from Leola's centre to the neat white farmhouse where he and his wife have raised 13 children.

There is no electricity here, although there is a fancy water system using natural pressure and a windmill. And there is no television or radio, of course. The girls are as pretty as a picture and, like everyone else in the Warren household, speak German at home. It is an old-fashioned country German. Warren speaks English with a faint American accent and rather clipped sentences.

This small, fit man (a starch-based diet with little red meat helps to make these people long-lived) loves talking about tobacco prices and the pig market. He would rather talk about tobacco, the main cash crop on his 60 acres, than religious beliefs. Nevertheless, the Mennonites' own religion, divisions and way of life are an important topic of conversation among them.

Many of them can no longer remember – if they ever knew – why individual groups broke away from the Old Order. Amos, though, keeps a lot of knowledge in his head. "We had a telephone split in 1907. It was mainly in Indiana. That was a big challenge, but the Old Order kept together in the East." Amos, like Warren, has a telephone. Unlike Warren, he also has electricity.

There is a lot of discussion now about the computer. Even some of the Amish have them, but some other groups do not. Pressure is being exerted to allow computers that will help with animal feed. This underlines one important point – that below the severity of some of their codes, often there lies pragmatism. When someone from a Mennonite group which does not use electricity moves into a house with electricity, they are given a year to have the power lines disconnected. "That usually means they are disconnected on day 364," says one non-Mennonite. Nevertheless, things can surprise the Plain People. One son of an Amish family who left the fold (not an uncommon occurrence) is now a Boeing 747 pilot. "That's radical, that's almost unbelievable," says Amos.

Accidents between buggies and cars are all too frequent and sometimes cause death. But the conservative Mennonites are pretty cut-off socially from non-Plain People and generally keep themselves to themselves.

Their presence, though, does sometimes have a telling effect on everyone else. Ford New Holland, the farm machinery maker, has its headquarters in the heart of Lancaster County and has put up a hitching rail for the Old Order people to tie up their animals when they come to buy equipment.

"We must be the only billion-dollar business where you walk out of your office and find yourself knee-deep in horseshit," says one New Holland manager.

■ *For those wishing to visit Lancaster County, there are plenty of hotels, motels and museums but no operating Mennonite farm to visit. The Plain People don't like being stared-at, so use your camera sparingly.*

Journey round the Hebrides

ANYONE WHO has ever wanted to explore the Hebridean islands and the sea lochs of the west coast of Scotland by sea will have discovered that it is not easy to do, certainly not in comfort.

The ferries of Caledonian MacBrayne ply regularly between the main ports, but deviate only rarely from their routes or schedules for the benefit of tourists.

Next summer, however, it will be possible to take luxury cruises around the islands on board no fewer than two ships designed especially for the fairly shallow waters and choppy seas of the west coast. A company named Hebridean Island Cruises has bought a former Caledonian MacBrayne vessel, the Columba, and is having it converted from a ferry carrying 600 people into a tiny liner accommodating 67 passengers in style.

Another group, Hebridean Shipping, is having a twin-hulled luxury cruise ship built in Australia and expects to begin operating in July, carrying around 40 passengers.

Hebridean Island Cruises has already prepared a detailed brochure and its ship – now named Hebridean Princess – will, at the end of May, begin cruises lasting from three days to a week.

Starting from Oban or Kyle of Lochalsh, its routes will take it to little-visited islands such as Colonsay, Tiree, Rhum and Eigg, and around better known islands such as Skye. Three cruises are planned to St Kilda, the uninhabited and almost never-visited island in the Atlantic nearly 60 miles west of the Outer Hebrides.

Passengers are offered state-rooms or cabins furnished to luxury hotel standards. They are promised a five-course dinner served when the ship is at anchor – it will not normally sail at night. There will be launches and tenders to take them ashore when the vessel is not moored at a quay and, since the Hebridean Princess was designed as a car ferry, passengers can take their cars with them to explore onshore or continue their journey by road when the cruise is over.

The Hebridean Princess is the £1.5m project of Tony Binns, a Yorkshire businessman who runs marinas and hire cruisers on the English canals. He has sailed almost everywhere off the west coast of Scotland by yacht over the past 10 years and is therefore well aware that the Hebrides, which can be magical in good weather, can also be turbulent, wet or just miserable in a gale or under low cloud.

The brochure acknowledges that changes of itinerary may be necessary because of weather conditions. "Gales are not usually protracted in the summer and there are sheltered sea lochs like Loch Sunart or Loch Hourn which we can go into where it won't be obvious to passengers how rough it might be on the open sea," he says.

The cost of a three-night cruise ranges from about £280 to £ 750 for a top-grade stateroom. Seven-night cruises cost from £ 450 to £1,400. More details from Hebridean Island Cruises, Bank Newton, Skipton, North Yorkshire, BD23 3NT. (tel. 0756-748-077 or -749-482).

James Buxton

Southern Italy is tops for that winter break

Roger Beard finds some bargains

TODAY, the yobs are out in force as the Brits indulge to the full their seasonal spirit of greed. It is the peak of that curious obsession, the cross-Channel lager run. By tonight, the gunnels of the nation's packet boats will be awash with the stuff and the entente cordiale battered yet again by the most gruesome of British exports – the day-tripper.

The sane among you will have stayed home, stocked up at Majestic or Oddbins and planned for the time when you will really need a break – in dreary January and February. For these are the bargain basement months for the adventurous fly-drivers or self-caterers who can cut their holiday costs by 40 per cent or more against the high season of July and August without the limitations of the standard holiday package and with no crowds or seasonal stress.

First choice must be the *mezzogiorno*, the area of Italy roughly from Naples down. Because it is poor, it is cheap. Because it is southern, it is mild. Spring comes early to the *mezzogiorno* and especially in Sicily where Italian Escapades, a fly-drive expert, has come up with an off-season deal which is hard to beat.

For a basic bed-and-breakfast price of £25 a night, plus £89 air return to Palermo, it has arranged six destinations to give a one-week tour of the island between January 12 and February 8. After that, the prices rise to £31 and £129 between mid-March and end-April.

You can either hire your car from one of the many booths at Palermo airport or take advantage of a special deal with Italy by Car at the promotional price of £18 a day with unlimited mileage (£23 after March 18). One tip: hire only from a nationally-recognised dealer. Roads in Sicily are punishing and the locally-owned hire cars maintained badly.

Then there is Naples, the great, blowsy capital of the *mezzogiorno* where those who can afford cars drive like maniacs and those who can't steal from them. Naples has the distinction of being the only European city to carry a Michelin "health" warning as to where the tourist is safe and when.

Don't let that put you off. Naples has both grandeur and poverty among its 1m population, the most spectacular of settings and would keep you busy for a year, let alone a week. Italian Escapade prices here are similar to the Sicilian deal, but with a £12.50 nightly supplement for a single room. The promotional car price is the same, but watch where you park.

For those who prefer the predictability of a full package, Travel Club of Upminster has several up-market destinations in the quieter parts of the Algarve and the Balearics. One week's full board, flight paid, at Puerto Pollensa in north-east Majorca for £204 a head seems particularly good value, and this company also offers a two-week stay in the Algarve for £289 bed-and-breakfast, departing Manchester on New Year's day.

Nearer home, *chambres d'hôtes*, the little brother of *Gites de France*, has a range of ferry-inclusive destinations from the Channel coast to Provence, where you bed-and-breakfast with your host, who can also sometimes provide an evening meal at modest cost.

Its winter season runs to April 30. Prices include return P & O passenger and car fares from Dover or Felixstowe and depend on the number of people travelling, the number of nights booked and the standard of the accommodation. For example, two people staying two nights in the cheapest category would pay £40 each for the trip, yet only £60 for four nights.

Understandably, the accommodation is mainly in the north, closer to the ferry ports, and here there is a "go-as-you-please" deal where you are booked in for the first night with booking vouchers provided for the rest. The organisers claim there is a secret charm in the *chambres d'hôtes* that is not available elsewhere.

Finally, to that solid, middle-class standby of self-catering, which has the advantage of budgetary control should you choose to eat in and also offers value for money in the low season. Slipaway Holidays' 1989 brochure has extended its range to a further 11 regions, and can offer one-week stays at a variety of destinations in a wide range of accommodation.

Including the return car and ferry crossing, these deals start at £45 a head for a group of five in a farmhouse or £47 in an Atlantic seaside resort. The greater the distance from the Channel, the greater the bargain. Top of the range on the Cote d'Azure is a house for 10, which can be rented under half price low season for £1,042 the fortnight against £2,197 in the summer. A a week for six in the Vosges carries a £170-a-week rent, low season.

As is common with *gîtes*, prices are irrespective of numbers staying, up to the recommended maximum, and there is usually a returnable deposit against breakages and accidental damage.

DIVERSIONS

Wine

What to buy and why — in the write way

Edmund Penning-Rowsell on the latest crop of books

SOTHEBY'S handsome, heavy *World Wine Encyclopedia* by Tom Stevenson (Doreen Kindersley, 480pp, £25) is the first new one since Alexis Lichine was published originally more than 20 years ago. It begins with a useful introduction on tasting, on wine-growing and a glossary of vine varieties. Then follows a comprehensive account of the wines of every producer country including Britain, eastern Europe and South America; but more than a third of the work is devoted to France, and 72 pages to Bordeaux, including the *petits châteaux* that most of us are more likely to drink than the big names.

This all-round view of a country or region's wines runs through the book, and it shows a particular enthusiasm for those of the newest internationally marketed country: New Zealand. Particularly attractive in so monumental a work is the fact that the author's personal views are not buried in encyclopediaitis.

Not everyone may agree that the importance of Cabernet-Sauvignon in Bordeaux is exaggerated or that the quality of Italian wines has declined seriously in the past 25 years (since DOC was introduced), but his comments are always to the point. The book ends

with a useful 100-point guide to vintages since 1960 in the world's main producing districts.

Two books on champagne have been published fairly recently by Tom Stevenson and Nicholas Faith. What, then, does Serena Sutcliffe's *A Celebration of Champagne* (Mitchell Beazley, 224pp, £20) contribute that is different? She set herself the difficult task of describing the varying styles and tastes of champagne, and she does this in detail with the wines of 30 champagne houses, the *grandes marques*, with one or two omissions and additions.

All their blends and vintage wines are included, along with comments on the past vintages that she has tasted — no mean number. It is written in a personal style and descriptions are uniformly enthusiastic rather than critical. Informative, well documented and with excellent maps.

Two new books on white burgundy in one season surely reflects the wide interest in the most sought-after dry white wine in the world. Christopher Fielden's *White Burgundy* (Christopher Helm, 148pp, £16.95) has the considerable advantage of being written by one who spent a number of years as the export manager of a distinguished Beaune merchant.

Both books come out at a time when a fine white burgundy is to some extent under attack: on price and in competition with New World chardonnays. Fielden's is the more comprehensive of the two; he deals in detail with wines from Chablis to Beaujolais, and draws critical conclusions.

In the *White Wines of Burgundy* (Octopus, 80pp, £4.95), Jasper Morris, an English wine merchant, has had to write to a length determined by a series and is therefore more selective. It will be particularly useful for the short-term visitor trying to unravel the complications of this relatively small, tight wine region. The key to successful white burgundy-buying is knowing names, and both authors provide useful lists.

Although Anglo-Saxon wine merchants in Bordeaux were largely responsible originally for putting its wines on the world map, there are not many left there now. William Bolter is one, and in *The Red Wines of Bordeaux* (Octopus, 80pp, £4.95) he has produced a concise, well-written survey that sums up what claret represents. In a tour of the vineyards, he describes aptly in a few words the style and quality of the leading properties.

He provides "11 key buying maxims," of which "Do not buy wine which is too expensive for your pocket" is followed immediately by "Buy the occasional bottle which is hopelessly too expensive for your pocket, just to see why people get so excited about it."

Since the entry of Spain and Portugal into the Common Market, many wine drinkers' taste buds have been trained on two countries which produce moderately priced, if somewhat primitively produced, wines. However, there are exciting developments in both and *The Wines of Spain and Portugal* (Salamander Books, 160pp, £8.95) by Charles Metcalfe and his wife (who writes as Kathryn McWhirter) comes as a very timely publication.

It is particularly useful for describing the districts and wines still known little beyond their boundaries but likely to be available increasingly in the UK. Lists of recommended firms omit some well-known names; although enthusiastic, the authors are by no means uncritical.

Oz Clarke's Wine Factfinder (Webster's/Mitchell Beazley, 300pp, £10.95) packs in an enormous amount of information about the wines of the world. The author majors on enthusiasm and experimentation and his book gives an impression of having been written at high speed between stimulating gulps. This is infectious for the reader who wants an undaunting guide to this or that wine. If over-severe about the quality of red burgundy, and too enthusiastic about those of California, this emphasises the individualistic style of the compendium.

The Macdonald Guide to French Wines 1988/1989 (Macdonald/Orbis, 668pp, £17.50) is an English edition of a popular French publication issued by Hachette. In it are the names of 5,500 wines tasted recently — all, it appears, with favourable results. An ingenious code of symbols shows how each wine is made, the average annual production, approximate price, and the address and telephone number of the property. Although the inclusion of all wines above a certain level has been attempted, it does not claim to be exhaustive, either through refusal of the proprietor to send a sample, of being rejected, or publication being denied. Perhaps this accounts for the absence of certain highly regarded wines. The principal value might be for visitors on a tour to one of the many French wine districts.

It is not hard to dredge up stories of past frauds but wine now is made and marketed more honestly than ever before

The 1989 Which? Wine Guide (Consumers Association/Hodder & Stoughton, 644pp, £9.95) is divided into three parts: where to buy, what to buy and wine from home. Reports on every British wine merchant of any consequence, and some of little, are followed by an even larger section on the wines of the world. Although the guide is a remarkably good-value composition, some comments on the wines of various countries and districts are superficial.

The Grants of St James's 1989 Wine Diary (192pp, £25), is designed for the dedicated drinker with time to put down on paper his/her daily wine life and to imbibe a mass of information by its editor, Angela Muir, MW, on stocking the cellar, vintages and what to buy, plus a dozen charmingly illustrated essays on the wine year in the Rhône. If used fully, the record would be of considerable interest in later years.

In *Wine Snobbery* (Faber, 292pp, £12.95) Andrew Barr — who asserts that wine snobbery today is "more subtle and insidious than ever before: the snobbery of lightness" — sets out relentlessly, with a wealth of quotations and references, to show the wine-drinking public how much they are conned.

It is not difficult to dredge up stories of past wine frauds, but Barr seems to imply guilt by association with events of the long-distant past. True, elderberries were planted on the Douro to give colour to port — but that was 200 years ago.

Wine today is made and marketed more honestly than ever before; and in this unnecessarily disagreeable book, the alleged anti-snobbery of the argument is really the super-snobbery of one who "knows all."

Food for Thought

Adieu Beijing, hello turkey

Peter Lewis looks for ways to avoid the worst Christmas excesses

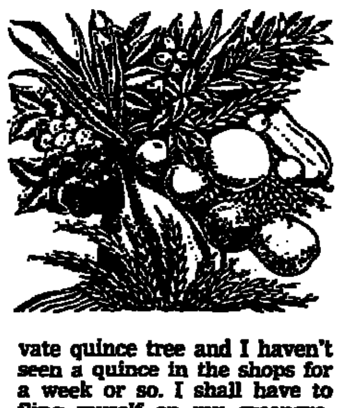
I had planned to make a really complete break with the traditional Christmas this year by going to China and Japan. I was to be in Beijing on Christmas day and eating heaven-knows-what. But circumstances conspire to keep me at home. So never mind the Christmas cards, it's time to order the turkey without delay.

Of course, it goes without saying you made your Christmas puddings some weeks ago and your mincemeat before that. But what if you don't quite get around to these things? What I am looking for at the moment is a way to have the Christmas cheer and flavours which suit this dark time so well without ending up snoring on a sofa or heaving myself about the house creaking and wincing like the overfed capon I have become.

Caviar is something I buy only at Christmas these days. I get the smallest possible pot, although now there is an EEC regulation that stops you buying caviar in pots. It has to come in a tin, for what I assume are reasons of hygiene. I never threw away those old white china pots in which Fortnum & Mason's caviar used to come; so, late on Christmas eve, I do a bit of decanting and Santa Claus can then give Madame her little pot of caviar. She always shows her appreciation by eating it for breakfast sitting up in bed.

If you get your mind away from the idea of a huge bird followed by a huge pudding, the Christmas cooking can more easily take care of your presents to family and friends as well. As a cook I do not have any very refined skills, but boning a duck without breaking the skin is something I can do, given a quiet hour or two. This year I shall do three or so, stuff them richly and present them as cold ballotines to a few friends.

I make this dish to the recipe that Elizabeth David got from Madame Barattero at Lamastre and which she described as "the best duck pate which I have ever eaten." I agree with her about that, as I do with her very clear instruction: "This paté is served as an *hors d'oeuvre*, quite alone of course, no salad or anything else whatever." Whichever of my friends receives this lavish gift will also get that brisk admonition: no fiddling about with cherry tomatoes and sprigs of greenery is called for at all. Just slice and eat.



There are a couple of very nice-sounding food present ideas in Steven Wheeler's *English with a Difference* that I wrote about recently. One involves macerating clementines in spiced vodka; I think I have the customers for that. There would also be plenty of takers for his candied quince pieces. The problem there is that I have no access to a private quince tree and I haven't seen a quince in the shops for a week or so. I shall have to fling myself on my greengrocer's mercy.

Should he give me the thumbs down, something similar can be done with grapefruit, producing those fingers of sugary-sour peel which you get with your coffee at Troisgros in Roanne, although it doesn't have quite the magical, other-worldly colour of cooked quince.

I like to think that I invented mincemeat ice-cream, which I have served from time to time at this season. I designed it to meet my objective of providing the Christmassy flavour without weighing everybody down. I love mince pies but not just after I've downed a slab of Christmas pudding. The ice-cream comes out a bit like tutti-frutti but with a definitely festive air.

Whether the mincemeat is of your own making or bought in a shop, you will improve matters if you fish out all the little bits of suet before folding it into your own vanilla custard — or, if you prefer, a 50/50 combination of custard and whipped double cream. Use shop-bought mincemeat, if you must, but I beg you not to melt down commercial vanilla ice-cream and refreeze it with mincemeat. The mincemeat flavour will not cancel out the margarine taste of the ice-cream.

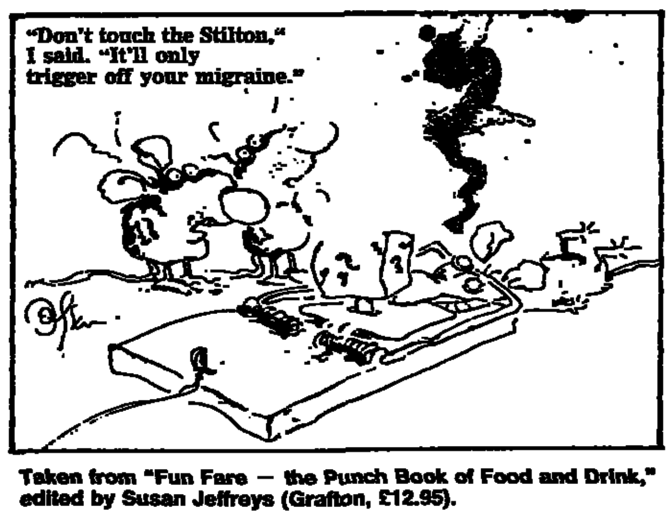
Have you ever met anyone who was traditional enough to have a boar's head as the centrepiece of their feast? When we put on *Macbeth* at school, the banquet table was dominated by a huge *papier-mâché* boar's head; and I remember thinking then that, should Banquo's ghost fail to show up, Macbeth's horror could well be directed at this great malevolent head glowering on the table.

Years later, it seems strange that so much ceremony and song should attend what is, after all, a dish of brawn. I love well-made brawn and always ask for it in restaurants where I think it is home-made. It is excellent cheap food but scarcely worthy of

"The boar's head I understand
Is the chief service in this land.
Look wherever it is found
Servite cum cantico!"

In point of fact, the best brawn I ever had was served to music, after a fashion. It was the first course at a little inn in the Haute-Savoie where we turned up on a Saturday night (which was the "*Soirée du Couscous*") and had to eat in a corner of the bar while the local rock group tuned up in the next room. The brawn was better than the group: it was better than the couscous, too.

I don't know when the last wild boar was killed in Britain: it must have been then that the ceremonial carolling round the head drew to a close. Eliza Acton in 1845 makes no mention of it and Kettner's *Book of the Table* in 1877 says: "Boarshead even as a Christmas dish has gone so completely out of use that it is needless to give any receipt for its preparation." It will have to be turkey after all.



Taken from "Fun Fare — the Punch Book of Food and Drink," edited by Susan Jeffreys (Grafton, £12.95).

HOW TO SPEND IT

Edmund Penning-Rowsell

Jancis Robinson

John Platter

Patrick Grubb

Sebastian Payne

Harry Waugh

Lucia van der Post

Nicholas Faith

How big spenders pop their corks

Lucia van der Post tries a taste of the high life

Ten (expensive) bottles all in a row . . . our selection for the tasting

IT'S NOT every day of the week that I get to taste champagnes of so distinguished a lineage as the line-up of prestiges cuvées organised by Edmund Penning-Rowsell. More often to be found *chez nous* are their less highly-priced stablemates, the excellent supermarket versions that one quaffs with less of a feeling of reverence, more one of simple *joie de vivre*. But these prestige cuvées are the grandest of the grand, the *crème*, so to speak, *de la crème*. These are champagnes for grand occasions, when you wish to woo, to celebrate, to luxuriate. They are, most definitely, not for every day.

When, these days, chainstores such as Sainsbury and Marks & Spencer sell own-label champagnes at under £10 a bottle and the average price for a prestige cuvée is about £30 (though, as you will see, one of the labels that came second in our tasting, the Heidsieck Monopole, sells at an astonishingly reasonable £21.75) you would have to be either inordinately rich or extraordinarily foolish to pile into them without giving it a thought.

However, if you are lucky, the day will come when there is a new romance on the horizon, when there is a 21st birthday, a new arrival in the family, an anniversary, a splendid deal or a graduation to celebrate and then you might want to broach something truly splendid to mark the day. This is the moment when you might want to know which of the really grand champagnes is the one for you. After all, precisely because most of us drink them so rarely, we are less well acquainted with their qualities. When you are thinking of spending upwards of £22 a bottle you want to make sure you get it right.

With this in mind Edmund Penning-Rowsell and I organised a blind tasting of nine of the grand names. All the judges knew that it was prestige cuvées we were tasting though, of course, nobody knew which wine was in any particular glass. The tasting was hosted by The Hyde Park Hotel, under the direction of its new general manager, Paolo Biscioni, who gave us a beautiful room overlooking the park, and Teddy Cassar, the banqueting head barman, who made sure that all the distinctive bottles were kept out of sight behind a screen and who organised the order of the wines. All the judges broached it in a spirit of some excitement. Even so distinguished a gathering of tasters as this does not often get to taste such fine wines.

What exactly, you may be asking if you are not an expert in such things, is a prestige cuvée? What is it about them that justifies the £20 and upwards a bottle they command? Though, as Edmund Penning-Rowsell explains elsewhere on the page, there are sound reasons why such champagnes must cost more (in simplest terms it is because only the finest grapes are used and they need to be kept longer in the bottle, which alone is an expensive thing to do) most people in the wine trade admit that there is an element of show business about the grand champagnes.

They are NOT about good value. You ARE paying for prestige, for packaging (they nearly all come in very beautiful bottles of which probably the Belle Epoque Perrier-Jouet is the most famous), for exclusivity, for the label, for all the things that make drinking them seem like a particularly special treat.

As you will read, the pleasure the wines gave varied enormously. One of the cheapest (the Heidsieck Monopole Daimant Bleu at £21.75 a bottle) was awarded the second highest marks (though it must be added that alone among the wines we tasted it came in a very uninspiring bottle) and one of the most expensive, the Krug 1981, came a decided last.

'All the grand champagnes have an element of show business'

However, it is important to stress that champagnes are among the most difficult wines to taste. Everybody found it, in the language of the trade, "wearying on the palate" and it is important to remember that our markings were just the results of one particular tasting on one particular day. Everybody agreed that on another day, another time, we might well find a different set of results. Tasting champagne is above all meant to be fun – like drinking the stuff – and is not to be taken too seriously.

Edmund rounded up a distinguished group of judges: Jancis Robinson, the well-known wine writer; Nicholas Faith, author of a recent splendid book on champagne; Patrick Grubb, M.W., former head of Sotheby's wine department; Sebastian Payne, M.W., of The Wine Society; John Platter, a winemaker, writer and fine "nose" from South Africa, and Harry Waugh, a distinguished figure in the wine world. Edmund was the home team expert and I was there to represent the ordinary champagne-drinking classes.

Each wine was marked out of 10 and here they are listed, with comments, according to the judges' order of merit. Not all the scores of the individual judges are given. You should bear in mind that the prices can vary, depending on where you buy your bottles.

● **Cuvée Dom Pérignon 1982, £39.99, Andre Simon Wine Shops and Oddbins. 63 points.**

A clear winner, with 63 points and several of the judges waxing quite lyrical about its qualities. Jancis gave it nine points and declared it a "champagne worthy of the dining as well as the drawing room." Sebastian gave it 10 points (which he also awarded to the Heidsieck) and added that is "smells gorgeous, and is the first one I could not help drinking if I tried." John Platter, with a fine regard for nuances, gave it 8.5 and liked its "bold, clean, yeasty, apple bouquet." Nick Faith gave it nine and declared it "a very satisfying, very mature wine, leaving a lovely nectariney afterglow". E. P-R gave it 10 points and said it had the "very fine nose of a distinguished champagne . . .elegant . . .a beautiful blend." Patrick Grubb liked it least, awarding it a mere seven and adding that he thought it a "good wine, but somehow lacking zip and style for a '*grand vin*'." Even I, dear reader, who on the whole was having the utmost difficulty in telling one from t'other, found it exceptionally "refined and elegant – just the champagne to mark the big occasion."

● **Heidsieck Monopole Diamant Bleu, 1982, £21.75 from Harrods Wine Department and Oddbins. 55.5 points.**

As I have already remarked this champagne seems to be remarkably good value, as it sells at a good £10 less than its nearest rival and yet was awarded a total of 55.5. Sebastian Payne loved it, gave it 10 points and declared it to be "fine, delicate and delicious." E.P-R also gave it 10 points and thought it had a "very fine nose." John Platter gave it seven and thought it a little young, though with an "excellent colour and bouquet." Patrick Grubb, who was perhaps the most severe of all our markers, gave it only five, saying that though it had a "lovely, biscuity nose with initially a good fruit and flavour, it had a slight metallic tang." Nick Faith gave it seven, and thought it had a rather "indefinite nose." Jancis said it had "the smallest bubbles I've ever seen," but also thought it was "substantial, powerful, long." Harry Waugh found it "very well bred, very distinguished" and thought it quite his favourite. I gave it eight and thought it "light, crisp and fruity" (wonderful the way one slips so easily into the language of the trade).

● **Laurent Perrier Cuvée Grande Siècle, £35.65, Corney & Barrow, Harrods. 54 points.**

This came third, just behind the Heidsieck, with 54. E.P-R loved it – "a fine, elegant nose, beautifully blended, a complete wine" and awarded it nine points. Nick Faith also loved it, "very well-balanced nose, fruit and flavour, beautifully balanced and mature" and awarded it nine. Sebastian found his palate was tiring by the time he came to it and awarded it only seven, while Jancis found it "too florally aromatic" and gave it just six.

● **Bollinger RD 1979, £32 from Fortnum & Mason, Harrods, Boisdale Wines, Tanners of Shrewsbury. 53 points.**

This tied for fourth place with Perrier-Jouet's Belle Epoque. Several of the judges thought this wine had a good taste of age – where champagnes are concerned this appears to be a GOOD THING. Patrick, however, was not so enamoured of its age – he thought it "tasted of mothballs" and only awarded it four. Jancis liked it particularly, giving it eight points and declaring it to be "attractively middle-aged, full-bodied . . . very confident style." Sebastian gave it nine, liked its age and its full-bodied pinto noir flavour. E. P-R also gave it nine and declared it to have a "fine nose, to be older and have a full body." Nick Faith gave it nine (equally with the Laurent Perrier and the Dom Pérignon) and – though not too inclined to agree easily with Edmund – had to admit that he, too, thought it a little weightier and a little older than some of the others: a "deep and noble drink with a lot of old reserve wines giving it length." John Platter gave it eight and thought it "very satisfying and more mature." As we tasted this wine fifth I was by now beginning to get the hang of things and see that I wrote "smoky, lots of depth and a rich bouquet. One to drink and drink."

● **Perrier-Jouet Belle Epoque, 1982, £35, Selfridges, Willoughbys of Manchester, Harrods and Fortnum & Mason. 53 points.**

A big, bold champagne, almost everybody (except Sebastian) agreed, with only Edmund declaring it to be a little too bold for his taste – "not quite refined enough!" It tied for 4th place and was most appreciated by Harry Waugh and Patrick Grubb (he awarded it eight and liked its "long, lingering flavours," remarking along the way that "it would be worth keeping the odd bottle for Christmas '89"). Nick Faith also gave it eight and liked its delicate "green" nose and its "lovely, lively, slightly-unripe cherry note." Jancis was a great fan; she gave it nine and summoned up some potent adjectives: "powerful, complex, intellectual sort."

● **Veuve Clicquot, La Grande Dame, 1983, £37 from Fortnum & Mason, Harrods, Selfridges, Buckingham wine, Addison Vintners. 51.5 points.**

This came 6th, with Edmund being perhaps its greatest fan – he awarded it nine and declared it a "subtle, elegant, quiet wine." John Platter gave it only six and also found it "quietish" with not quite enough "grip in the tail." Sebastian Payne liked its "round, delicate, gentle style" and gave it eight, while Jancis gave it 6.5. and thought it rather astringent on the finish. Harry Waugh declared this, with the Heidsieck, to be his favourite. As for me, may la Grande Dame forgive me, I found it "light, crisp but a little dull."

'Light, fruity: one slips so easily into the language of the trade'

● **Deutz 1982, Vintage, £35.50 from Andre Simon. 48 points.**

Rather way down the chart with just 48 points. Several of the judges didn't feel this was really a prestige wine but it found its its biggest fans in Harry Waugh, who liked it and thought it had a good taste of age, and Patrick Grubb, who gave it eight. He liked its "lovely fruit and flower nose and its mouthfilling, superb fruit and long flavour," though he found it a "touch oversweet for top quality." Nick Faith gave it seven and said that "though it slipped down easily it didn't leave a very strong impression, except of a general, agreeable fruitiness." Jancis gave it seven and thought that though it had "an exciting array of flavour elements" they were "not yet integrated into a harmonious whole and was still a little jagged." Sebastian Payne thought it a little too young ("I'd keep it another year") and Edmund only awarded it four ("not a lot of distinction"). Perhaps by now (we tasted this one eigth) my palate was tiring, for I see I was out of step with the experts – "My idea of a good champagne," I see I wrote, "light, full but not too full." Well, there you are.

● **Louis Roederer Cristal Brut, 1983, £40, from Thresher and Majestic Wine Stores. 47 points.**

Alas for Roederer fans this wine did not, on the day, do very well - even I thought it had "very little nose, tasted a bit too strongly of vanilla." Sebastian thought it smelled "just a bit common" and gave it seven. John Platter gave it seven and couldn't muster any colourful phrases, while Nick Faith gave it seven and said "this champagne lacks a theme!" Jancis gave it only six and thought it had a "very slight coarseness on the nose and lots of acidity not compensated for by age maturity." Edmund gave it merely five and thought, like Nick, that it lacked general character. Patrick Grubb was its biggest fan and gave it nine, describing it as having a "lovely framboise nose, rather rich and full of fruit." Powerful stuff! "A *vin*," he went on to say, "*de guarder!*"

● **Krug Brut, 1981, £45 from Oddbins, Peter Dominic and Andre Simon Wine Shops. 40 points.**

Alas, dear Krug, somebody has to come last and – as Edmund pointed out – champagne is the most difficult wine in the world to taste and another day, another time . . .who knows? On this day Krug mustered only 40 points. What went wrong it is hard to say. To start with the good news: Jancis gave it eight points and found it "notably sprightly, well balanced, complete. Definitely an aperitif champagne as opposed to one to drink with food." Edmund gave it only four, for he found that it didn't have "great elegance," while Nick Faith liked it rather better and gave it seven, declaring it to have a "classic, rich, slightly vegetal nose, though possibly slightly sickly on the palate."

Harry Waugh was no great fan either. John Platter gave it seven, for he liked its "excellent, fruity acid grip in finish," though he also felt it "could have more fruity depth and complexity." Sebastian gave it six (his lowest score), saying that he felt it didn't quite stand up in the rest of the company. "A bit tired" was how he put it. As for Patrick, he really found it very disappointing and gave it just two. "Very astringent and lacks fruit for a '*grand vin*'" was how he put it.

CUVEES prestiges are the finest wines that a champagne house can make. They are usually made from the finest grapes from their own vineyards in highly rated communes. Their prices are justified by the top price such grapes command and the time that the houses are expected to keep them beyond those of the normal vintage.

Indeed, some of the wines at our tasting did not show as well as they might have done because they needed more bottle-age. It is a delusion to believe that the finer champagnes can be drunk as soon as they are released on to the market.

The first prestige cuvée of champagne was that produced by Roederer, to the order of the Tsar Alexander II of Russia, from 1876 until the Russian Revolution. Roederer sold 2½m bottles a year to the Russian Court.

However, the brand that really established the prestiges cuvées was Dom Pérignon – a brilliantly chosen name, for the Benedictine monk is commonly, if inaccurately, thought of as the "inventor" of sparkling champagna. In fact, Dom Pérignon was originally designed by Count Robert de Vogué of Moët & Chandon to mark the centenary in 1935 of their British agents, Simon Brothers of London, and 150 clients were sent two bottles apiece.

Dom Pérignon was first commercialised in 1936 when 100 cases of the outstanding 1921 vintage were sent to New York, where they caused a sensation. The cuvée was first put on the European market in 1949 and provided only in fine vintages from pinot noir and chardonnay exclusively owned by Claude Moët in the 18th century.

Laurent Perrier's Grand Siècle was started in 1959 and is probably the next oldest cuvée. It is produced from 55 per cent chardonnay and 45 per cent pinot noir. All the grapes, as in most of these special champagnes, come from villages which have a 100 per cent quality rating. It is unique in being a blend of three vintages – currently 1982, 1981, 1979. It is a very delicate wine and sales now run to 1m bottles.

Also in 1959, Deutz of Ay, 150 years old this year, launched its Cuvée William Deutz. Its composition is 50 per cent chardonnay, 35 per cent pinot noir and 15 per cent pinot meunier, a variety to which the house has a special attachment. Annual sales are 30,000 bottles.

Veuve Clicquot's prestige cuvée is La Grande Dame, named after the formidable widow who put her brand on the map at the beginning of the last century. It was started with the 1962 vintage in 1972, the firm's bi-centenary. The blend is 62 per cent pinot noir and 38 per cent chardonnay. Sales are not published.

The Belle Epoque from 1890-1914 was certainly the period of extravagant champagne drinking by the affluent classes, and in 1964 Perrier Jouet revived its special bottle, decorated with enamelled flowers of pink, gold and green, originally designed by the Art Nouveau glassmaker, Emile Gallé, in 1902. The make of the wine today is 55 per cent chardonnay, 35 per cent pinot noir and 10 per cent pinot meunier. The sales of 600,000 bottles a year account for 20 per cent of the firm's turnover.

In 1967 came Heidsieck Monopole's Diamant Bleu, which is 50/50 chardonnay and pinot noir and sells somewhere between 40,000 and 50,000 bottles a year. It is generally considered to be particularly elegant.

From the early 70s onwards many more houses launched a prestige brand in special bottles, attractive or at least inventively different. They include Mumm's René Lalou, their recently marketed Mumm de Mumm and Pol Roger's Cuvée Winston Churchill, as well as Ruinart's Dom Ruinart and Taittinger's Comte de Champagane.

The most recent special cuvée of a leading firm is Pommery's Louise Pommery, named after another famous 19th century champagne widow and launched in 1985. It is made with two-thirds chardonnay from Côte des Blancs 100 per cent-rated villages and one-third from the firm's own vineyards on the Montagne de Reims. Sales are 150,000 to 200,000 bottles a year.

However, although neither Krug nor Bollinger produce a prestige cuvée it is fair to recognise that the fairly infrequent vintages that Krug markets and the Récement Dégorgé, late-released Bollinger wines, are right to be considered among the top firms' wines. The current Krug vintage is 1981, launched earlier this year with more bottle-age than is usual for other houses' wines. Sales are around 65,000 bottles a year.

Finally, Bollinger started its R.D. in 1972 with the 1962 vintage. It is 70 per cent pinot noir and 30 per cent chardonnay and their sales are 80,000 to 100,000 bottles a year. The current vintage is 1979.

Edmund Penning-Rowsell

HOW TO SPEND IT

Lucia van der Post has some splendid seasonal gift ideas up her sleeve for even the most troublesome of families

Such *difficult* people to buy prezzies for

COLONEL Penn-Witherham owns lots and lots of land and has the sort of big house that foreigners dream about. But, if the truth be told, it is big, draughty and uncomfortable. He seldom comes up to London and when he does he realises why. "Nothing but boutiques and wine bars," he barks. Between essential visits to his barber, his tailor and his wine merchant he takes refuge in his club. He is deeply fond of his wine cellar and when it comes to food he likes a fine rendition of schoolboy nosh.

Never one to say three words when one will do, his main pleasures remain the enduring ones — his house, his dog, his food, his wine and old copies of The Field and The Shooting Times. What he likes are deeply reassuring presents — nothing new-fangled or trendy. Some excellent claret for the cellar (preferably with a Berry Bros label) would please him greatly, a tie or shirt from New & Lingwood and some soft black house shoes from Harvie & Hudson (£44.50, 97 Jermyn Street, London SW1) for padding around the library.

Though it isn't often that he can't manage a full bottle of wine, just occasionally there is some left over so the Vacu-Vin (£8.90, £1.50 p & p, from Bibendum Wine shop, 81 Fulham road, London SW3) would be an excellent present — this consists of a small pump which removes the excess air from the bottle and keeps the wine in excellent condition.

He might very much like what W & H Gidden, the long-established saddlers, rather coyly calls its "apparel fresheners". W.H.Gidden, he is well aware, makes distinguished saddles for distinguished people (and, of course, distinguished horses) and these fresheners freshen up the highest in the land. They come in *packs of six, are as large as a* bar of soap, are made from natural cedarwood, smell marvellously and will help to banish that perpetual shroud of tobacco, dog and mud that hangs imperceptibly around his clothes and person. £11.95 (£15 inclusive of p and p). Anybody feeling generous might like to know that Col. P-W's cartridge bag is looking very poorly and though it is quite true that he *likes* things old and dilapidated this particular bag is not long for this life. W.H.Gidden have beautiful hand-made leather ones for £155 (p and p £5). Find them at 15d Clifford Street, London W1. Tel: 01-734-2788. He might also like a really fine pen as biros give him absolutely no pleasure at all — Paul Smith, 44 Floral Street, London SW3 has just the *sort* of pen he'd love, the Parker Centennial Fountain Pen. At £150 it isn't cheap but he'll treasure it.

MRS Penn-Witherham is a darling and nobody quite knows how she has managed to put up with Edward all these years. *She loves her* garden, her grandchildren, her dog and Edward in that order. What she would love are some *old roses* for the rose garden (Roses du Temps Passé, Woodlands House, Stretton, nr. Stafford, tel: 0785-840217, has just the sort of rose she loves), some garden pots, some soft and pretty things for herself and she has never yet spent money on herself — so lots of spoiling bath salts, a really smashing cashmere shawl (Valerie Louthan, at Lords, Burlington Arcade, at £450 a time come in glorious colours and my goodness they will help keep the cold at bay.

Edward has never been very lavish with the heating. She is by way of being an amateur artist and her efforts are now, to Edward's bemused surprise, *sought after* in certain circles. She is beginning to try her hand at pastel portraits and so a good present would be some fine new pastels. Unison Colour has brought out a range which really does offer something new to artists — they are lovely thick chunks of pigment, nothing like as dry or crumbly as the standard commercial pastels. The pigmentation is rich and bright and there is a subtle gradation of colour through the whole range giving a very wide choice of colours. She would love a big luxurious box of 72 different colours, £60 direct from Unison Colour, Thorneyburn, Tarset, Northumberland, NE48 1NA (tel: 0660-40457) or from that shop much loved by all artists, Cornelissen, 105 Great Russell Street, London WC1.

Mrs P-W would also love some pretty things to soften up the house. She has noticed, *on her visits to London, that* Beaudesert has exactly the kind of accessories that she loves — they go so well with *all her faded chintz* — so anything from there would please her greatly but perhaps most of all, she'd like the decorative hurricane lamps (£224 each) to cheer up the rather gloomy dining-room.

She'd love one beautiful, thick, plain white, luxurious bath towel (she has seen some particularly lush ones in The *Conran Shop*, 81 Fulham Road, London SW3). She'd love anything from Halcyon Days (14 Brook Street, London W1) and though she knows full well that Edward won't be persuaded to part with the kind of sums the antiques cost she hopes he might run to a pair of the enamelled candlesticks (£470 a pair) or the ravishingly pretty enamelled oval photograph frame (£54).

EMMA IS 30 and works in a merchant bank where she is doing unaccountably well. ("You've really put in the hours this year, Emma," said her boss as he gave her a 40 per cent bonus at her recent annual assessment). Above all Emma is tired, tired, tired. She *is in the office by 7.30 am and* seldom leaves until 10.30 pm. Dinner parties, theatres and têtes-a-têtes for two are nothing but a dim and distant memory. Was it the same Emma, she wonders, who once danced until 2 am, who used to read Trollope and spend giggly evenings with her girlfriends over a plate of spag bol? These *days it is gold cards,* designer suits and Conran sofas, smoked salmon and Dom Perignon, but she has a severe attack of the "what's it all about?" syndrome. What Emma needs for Christmas is the sort of present that will save her time — a weekly delivery of fresh flowers would cheer up her lonely flat and save her shopping time. You can open an account at Pulbrook & Gould, 181 Sloane Street, London SW1 (tel: 01-235-3186) who will organise regular deliveries. At a minimum of £25 a time, this isn't a cheap present but it makes a special treat. Or you could get Provisions Unlimited (32 Sabine Road, London SW11, tel: 01-924-3786) to provide food for a complete dinner party for eight (about £40). They will also clean and stock her fridge at a fee of £10 a week. She'd love a ravishing shirt from Workers for Freedom, (4 Lower John Street, London W1, about £120) to soften up her designer suits, lots of pairs of Fogal tights, a pair of Jean-Paul Gaultier brass earrings (£45 from Janet Fitch, 2, Percy Street, London W1), some green and gold brocade slippers by Emma Hope for Willi-Wear (£85 from 56, Neal Street, *London WC2*), tickets for two to Venice to give her the kind of long weekend that she is going to need if she is to go on *doing well in M & A.*

Emma, you will have gathered, is feeling awfully stressed. Anything that helps relieve the tension will be much appreciated. Give her a full hour-long aromatherapy treatment in her own home - for £35 one of their practitioners will come to her home and soothe in the oils and *potions. Tel: 01-371-0465 to* make the appointment.

She'd love something to cheer up her flat. She might like like something from a new shop specialising in decorative pieces for the home called Barclay & Bodie, of 7 Blenheim Terrace, London NW8. A hand-embroidered cushion, a blue and white porcelain lamp base, some antique china or a fine botanical print would all be much appreciated.

JONATHAN is 35 and works in a Fine Art gallery. Unlike Emma he is very short of money ("Well, you can't expect to enjoy your work *and* have a telephone number salary," croon his friends). The one thing he has learnt in the *gallery is all about the finer* things of life.

No Athena prints or Eastern European plonk for him. What Jonathan would really like for Christmas are a few exquisite things that he can't afford himself. A fine cashmere sweater, a reassuring blazer, a few bottles of best claret, his tastes are of the finest. He really is a big of a fogey and it's no good giving him any of those matt-black things from the designer shops though even he understands that machines have their uses. He would love one of those machines that makes a lot of wonderful noise and steam and produces exquisite cups of coffee — the Pavoni Euro Piccolo espresso coffee machine is not cheap at £240 but it would help get every single day off to the best possible start. Otherwise the shops in London for him are Hackett and most of Jermyn Street (he'd love something smelly and luxurious either from Hackett or from Czech & Speake).

He'd love most things from Lords of 66-70 Burlington Arcade. The soft madder silk Paisley ties — you can tell them at once because of the gentleness of the vegetable dye colours — £30 a time or the cashmere scarves lined with madder silk at £85 a time. Or else you could head for shops like Next and Blazer, Marks & Spencer (remember, the plainer, more classic, the better). He's a bit of a lounge lizard and from his rich godfather he is hoping for a velvet smoking jacket in which he could lean decoratively against Georgian mantelpieces — he's been eyeing the ones at Blades of 8 Burlington Gardens, *London W1, for some* time but he knows that because they are lined in silk paisley madder they come very expensive (about £650). However, Blades has plenty of less expensive delights to appeal to Jonathan — wooden handhewn shoe trees are £60 a pair and last for life while the toggled fine wool shoebags are just £9.50 each.

A shop he has recently discovered is Davies of 10-11 Great Newport Street, London WC2, and he would love almost anything from there — whether for the house (the metal sconces, the handforged candlesticks or the beautiful copper and verdigris bowls) or for himself (the antique watch, cuff links, lighters and pens) they suit his way of life to perfection.

CHARLES, to the utter surprise of his meatpacker father, who would dearly have loved him to have been an accountant, (so safe, so respectable) and was quite sure that he would come to no good, is now something Very Big in the City. Charles has acquired some very expensive tastes along the way. He now knows why a T & A (as he will persist, rather to his wife's annoyance in calling Turnbull & Asser) shirt is better than a *chain-store* number and he's already got quite a collection of Hermès ties.

He's rather a problem to shop for as he really does have almost everything and it's no good dashing into a chain-store at the last moment. He does rather like The Conran shop — classy and modern without being stark and minimalist. So he might like the Bestlike Desk lamp (£110) which comes in green enamel and chrome and would much enhance either of his desks — the one in the study at home or the one in the office. He'd love a proper loofah for his bath (£4.75) and as he's got rather fond of Italian food and Caroline, his wife, has at last learned what to do with sundried tomatoes, a large jar of those as well as some pesto sauce, would do much for his palate though little for his waistline.

He's learned to like a good cigar, particularly when he's got something — such as a big new deal — to celebrate so Davidoff's little wooden box, holding a small bottle of really rather fine Cognac and two Havana cigars, would go down well. (£37.50, p & p £3.50, from Davidoff, 35 St.James's Street, London SW1). He loves music, does Charles, so he would be thrilled with the tiny portable CD-player by Sony (£299.95 from branches of Dixons) while for his opera-going evenings he really does need good opera-glasses. The Royal Opera House shop and Garrard's sell a neat black set for £69.

He's something of a sporting fanatic and, no matter how busy he is, takes a keen interest in everything from Test matches to the Varsity rugby game at Twickers — so give him the Ferguson PTV02 pocket size television set. For just £299.99 he will get a remarkably clear picture.

He's beginning to feel a bit guilty that he doesn't do more in the garden and leaves it all to Caroline. She might think of giving him a voucher for a day course (held at weekends for those who work during the week) in Lawn Care and Pruning Shrubs. To be held on Saturday February 25 at Roehampton in London it is just one of several day courses to be offered by Border Lines of Wanford Mill House, Bucks Green, Rudgwick, W. Sussex RH123 JG. Tel: 040372-2883.

ALTHOUGH known among the Effingham-Smiths' friends as the No-Neck Monsters, Rupert, Samantha and Jason are not really quite as awful as they make out. As a trio it is true they lack a certain charm but if you get them on their own surprising glimpses of humanity may sometimes be caught. Anyway, Christmas, as we all know, is really for the children so this is perhaps a chance to give them something a little calming, a little softening, a little enlightening.

They prefer things loud, bright and of indestructible man-made materials but they can buy those on their own. What might give them pleasure are some tapes from Travellers Tapes. Something like *A Christmas Carol* or *Sherlock Holmes* might be the very thing. Prices start at about £8 — you can also hire them — from Travellers' Tales, Great Weddington, Ash, Canterbury, Kent CT3 2AR. Tel: 0304-812531.

Samantha could perhaps be persuaded to take an interest in some decent music by giving her one or other of The Royal Opera House Shop's splendid publications — start her on The Hamster Opera Company by Janis Mitchell (£5.95) and then give her *Make Your Own Model of the Theatre* (£4.95) — this should give hours of peace. I know she really hankers for a Barbie doll but try giving her a soft and fluffy hand-puppet instead — the play value is infinitely greater.

Rupert might like a kit to make his own camera — this, too, would buy a certain peace which at £9.99 (by John Adam from Hamleys and many other toy shops) is cheap at the price. That inkling of an interest in science might perhaps be encouraged with a small microscope — more good value at about £12 for a reasonably good version.

Jason is just small enough to appreciate the Babar elephant rocker (also from The Conran Shop) at £75. Some of the old classics will perhaps buy most peace and quiet — Lego never fails to please while a Scalextric set (the starting set is £39.99) is another time-honoured pacifier.

Something special

Soft, grainy, leather duffle-bag, half-way between a handbag and a rucksack, £49.99 in black or walnut, from Next Directory. Tel: 0345-100-500

Silver and gold watch, £470, Cobra & Bellamy shop in Liberty of Regent Street, London W1 or at 149 Sloane Street, London SW1

Silver and gold cufflinks designed by Christoph Blum are £210 from Cobra & Bellamy's two shops

Top: Emma Hope's gold and silk brocade slippers, £85

Below: Harvie & Hudson's house shoes, £44.50

Cookery

Comfortable Christmas cakes

THE CLASSIC celebration cake for Christmas, weddings and christenings is a heavyweight (some would say indigestible) affair, solid with dried fruit, sodden with booze and baked as black as a funeral. A cake like this should be baked weeks (if not months) before being eaten so the flavours can blend and mature.

I am just not that well organised. *Nor am I capable of carrying* out the work of the catering monumental mason that is necessary to give such a cake its rightful finishing touches: the cement layer of marzipan, the tooth-cracking slab of royal icing, as smooth and white as marble, the sculpted twirls around the edges, the impeccably telegraphed message.

There is something undeniably rich and impressive about such cakes. They are built on Victorian lines to last, and to stand up to the rigours of the GPO. Nothing can stop them from reaching their destination intact. But I admit a sneaking preference for something simpler and lighter, so here are two recipes for other cakes you might like to consider this Christmas. There is still plenty of time to make either of them. One is a fruit and nut affair which I finished in a way that Edwina Currie would approve. Christmas Eve is soon enough to bake the chocolaty one.

FESTIVE CAKE

This is an excellent, Dundee-like alternative to the traditional dark and heavy Christmas cake. The top is studded with glossy and opulent-looking fruit and nuts, brushed with honey. This decorative finish is worth remembering for other cakes. It could, for example, be used to top a traditional Christmas cake if the idea of marzipan and royal icing (both of which are made with raw egg whites) does not appeal to you this year.

Eight oz wholemeal flour; 1½ tsps baking powder; ½ tsp allspice; four oz ground almonds, (best, of course, if *you buy whole almonds and* skin and grind them yourself shortly before using); eight oz sultanas; four oz raisins; three oz each currants, whole candied peel, glacé cherries and hazelnut kernels; the finely-grated zest of one orange and one lemon; eight oz butter; eight oz pale muscovado sugar; four large eggs; one tblspn milk.

To decorate: a few spoonfuls of runny honey; a few halved walnuts and blanched almonds or brazil nuts; a couple of dried or semi-dried figs cut across to show off their golden speckled seeds; slivers of candied citron peel; semi-dried apricot and prunes cut into smallish, prettily-shaped pieces; or a couple each of kumquats and limequats, sliced thinly.

Grease, line and grease again a deep round cake tin that is eight inches in diameter. Tie brown paper or a double thickness of greaseproof paper round the outside of the tin. Sift the baking powder and spice onto the flour. Stir in the ground almonds and set aside.

Stone the raisins if necessary and chop them. Rinse the cherries in warm water to wash off the sugary coating, dry and halve them. Chop the candied peel and split the hazelnuts. Mix the fruits and nuts together and reserve them.

Break the eggs into a small bowl. Grate the citrus zest onto them, add the milk and mix lightly with a fork. Cream the butter and sugar until very soft and light. Beat in the egg mixture gradually — adding a little of the flour mixture in *alternate spoonfuls with the* egg towards the end. Then, fold in the rest of the flour. Finally, *fold in the fruits and nuts.*

Spoon the cake mixture into the prepared tin. Spread it level, then hollow out the centre a little. Bake at 325F/170C (gas mark three) for one hour, then at 300F/150C (gas mark two) for 2½ to three hours.

Let the cake become cold before turning it out of the tin. If time permits, wrap it in greaseproof paper, overwrap it with foil and store for four days between baking and eating.

To decorate the cake, which I leave until the day I want to cut into it, first warm some clear honey to make it runny. Brush the top of the cake all over with honey to make it good and sticky, then stud it with a colourful, close-fitting mosaic of fruits and nuts. Press each piece down firmly to "glue" it onto the cake and brush a little more honey over the top if liked.

CHOCOLATE LOG

A flour-less, tender-crumbed chocolate roulade is rich without being heavy. It can be served at tea-time or as a pudding. My version is stuffed with chopped and toasted hazelnuts and is finished with a drizzle of melted chocolate and coffee instead of the usual butter-cream icing. This means that it doesn't look quite so like a rough-barked log dragged in from the forest as some gateaux, but the taste is less cloying.

Don't be put off by the length of this recipe. It looks tedious on paper but is quick and easy in practice.

One 250-gram bar of best plain dark chocolate (plus a few extra squares of chocolate *to finish the cake if you want* extra-chocolaty results); five large eggs; four oz castor sugar; three/four oz hazelnut kernels; five fl oz double cream; five tblspns single cream; about ¼ tsp instant coffee powder dissolved in a scant one tblspn boiling water; and a little icing sugar.

Line a Swiss roll or biscuit tin measuring about nine by 13 inches with lightly-oiled baking parchment. Heat the oven to 425F/220C (gas mark 7).

Break the bar of chocolate into squares. Weigh out two oz and reserve for finishing the cake. Put the rest into a basin, set it over a pan of hot water and melt gently. Add two tblspns of hot water and beat until blended smoothly.

Separate the eggs. Beat the yolks for a few seconds. Add the castor sugar and whisk for several minutes until thick, pale and moussey, then blend in the warm, melted chocolate. Whisk the egg whites to shiny peaks and fold them gently and evenly into the chocolate mixture.

Pour and spread the mixture carefully into the prepared tin. Bake in the pre-heated oven until puffed up well and firm to the touch — 15 minutes or so. As soon as the roulade emerges from the oven, cover the tin with a clean tea-towel. Set it aside until cold or leave it overnight if you prefer.

Chop the nuts roughly and spread them out on a baking tray. When the oven has cooled down to about 375F/190C (gas mark 5), slide the tray into the oven and toast the nuts. They will need only about 10 minutes to become golden brown and richly-flavoured.

Turn the cold cooked roulade out onto a sheet of baking parchment which you have sprinkled with a good sifting of icing sugar. Peel away the paper that lines the tin and trim the edges of the roulade neatly.

Whip the two sorts of cream together. Spead some over the roulade, leaving the edges free, and scatter the well-toasted nuts over the top. Using the paper to help, roll up the roulade gently like a Swiss roll, then slide or roll it onto a serving dish.

Melt the reserved two oz of chocolate (plus a few extra squares if liked). Beat in the hot coffee to make the mixture a little more smooth and runny and drizzle it over the surface of the finished cake.

Put the cake into a cool place until you are ready to serve (it keeps overnight perfectly well) and add a dusting of icing sugar at the last minute. This creates a powdery snow effect, helps to cover up the inevitable cracks that occur in a cake of this sort, and adds a final touch of sweetness.

Philippa Davenport

Houses

& GARDENING

Crash? What crash?

***John Brennan** talks with agents angry at gloomy market reports*

IN AN unparalleled example of co-operation, 19 central London estate agents have combined to counter claims that the capital's housing market is collapsing. They report continuing increases in prices of the best west-central London properties, and strong overseas buying interest.

Sales volumes are down, but price cuts are said to have been caused by over-optimistic sellers adjusting asking prices – a process that is normal, particularly at this time of year.

Avril Butt, residential partner of De Groot Collis in Knightsbridge, said: "The idea came after seeing a *News at 10* report in which a suburban agent was talking about prices having fallen 10 per cent and likely to fall another 10. The clear implication was that the market was crashing, and that is just rubbish."

Having completed £11m worth of sales since October, De Groot Collis can see no signs of collapse. "Every report seems to be gloom and doom, and that is not what we are seeing in the market day-to-day," says Butt.

Competitive agents who would normally cross the road rather than be seen together have felt sufficiently strongly about "misleading press reports" to release jointly details of a string of recent deals suggesting that there is plenty of life, and money, in the upper reaches of the London market.

Lord Francis Russell, of Francis Russell, reports competition for good properties and a sale (jointly with Hamptons) of a long leasehold house in Herbert Crescent SW1 that had been on the market for more than a year. The price was close to the £2m asked.

John Lorimer, of Aylesford & Co., says that while the lower- and middle-range market has been quiet, demand for upper-range properties (£750,000 plus) has been as strong as ever.

Gary Hersham, of Beauchamp Estates, reports a contract race for a £2.3m Hyde Park flat won by an Arab purchaser. Tim Maskell, of Maskells, reports the best November ever "with prices holding up remarkably well in a generally rather uncertain market."

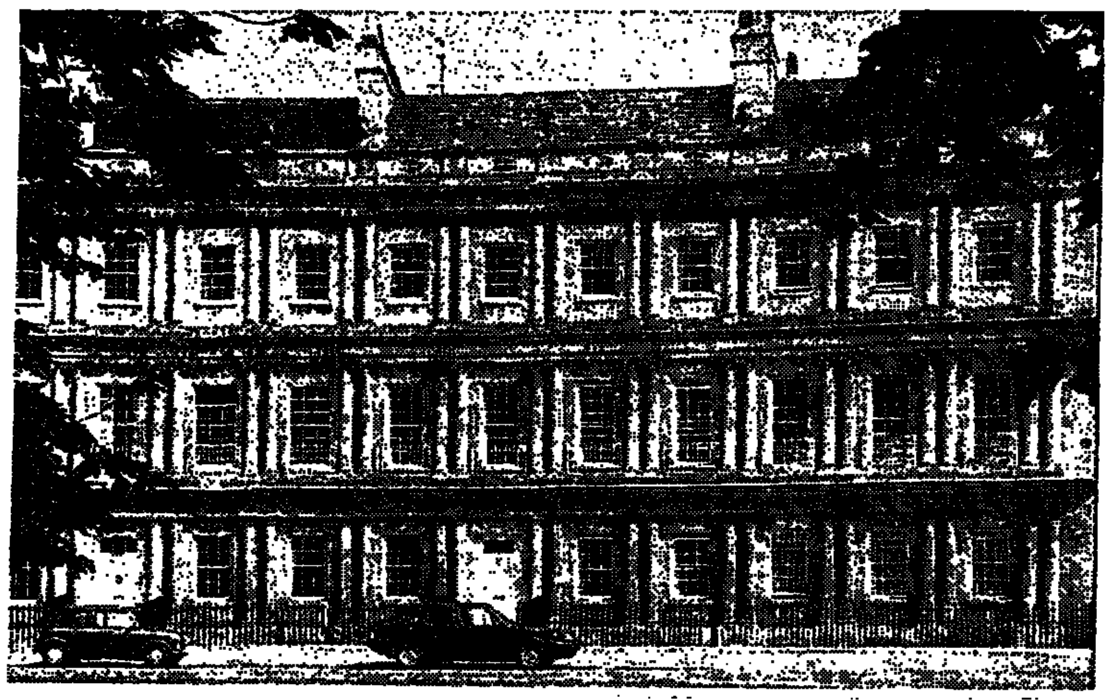
Peter Kearon, of Knight Frank & Rutley, is cheerful after his third £1m-plus home sale in six weeks. Christopher Bective, of Egerton (London Residential), confirms competitive bidding for properties in the £700,000 to £1m price range. Alistair Colvin, of Robert Bruce & Partners, repeats the point that quality properties are still much in demand, with property into which the buyer can move immediately in short supply. "December is quiet, but firm," he says.

Michael Tims, of Debenham Tewson & Chinnocks, adds: "The market is especially bouyant in Mayfair with an excellent market for properties with exclusive design and location" – a point echoed by Anthony Lassman, of Lassmans, who says the area is continuing to attract investment interest and more English buyers than in the past.

Rebecca Read, of Read Cunningham, has had competitive bidders for Belgravia leaseholds while Peter Wright, at Wetherell & Co., has had contract races for W1 properties. Sales recorded by Graeme Scott-Dalgleish, of W. A. Ellis, include comparatively short leaseholds – a 28-year lease in Lennox Gardens for £350,000 and more than £1m for a 37-year leasehold maisonette in Cadogan Square.

By no means all the recent upper-market sales are completions of deals hammered out in the summer. "The market doesn't work that way," says Butt. "If people had lost confidence, the sales just wouldn't go ahead."

Trewyn Court, near Abergavenny, is the nearest you will get to a Welsh chateau. In the light of Welsh extremists' fire bomb attacks on estate agents, Jackson Stops & Staff is bravely selling a house on the site of the fortified great hall of Gwyn Ap Gwaethford, Prince of Cardigan. Amended in the 17th and the 19th centuries, the Grade II-listed, 13-bedroom building in 4½ acres of garden and grounds is for sale through the agents' Cirencester office (tel:0285-653-334) for £650,000



The Bath town houses built in The Circus by John Wood the Elder in 1766 have acquired Old Master status. Most have long been sub-divided into flats, and so it is rare to find a complete house coming up for sale. Knight Frank & Rutley (0225-69771) and Pritchard & Partners (0225-66225) are joint agents for the freehold of the Grade I listed number 18 The Circus. Although split into four units, it is to be sold freehold with a guide price of £700,000

Let the house seller beware

IF THE Law Commission has its way – and it does have a knack of getting its views on to the statute books – there could be a disturbing injection of honesty in the home-buying process. While ostensibly considering the complications involved in dragging the whole business of residential property transfers into the 20th century, the commission's conveyancing standing committee has struck a broad vein of common sense, with only the merest hint of Monty Python-esque implications.

The committee suggests that estate agents should be held liable for their published descriptions of properties. It suggests that property for sale should cease to be exempted from the consumer protection of the Trades Descriptions Act, and it seeks to end the principle of *caveat emptor* (let the buyer beware) by forcing vendors to tell the truth about their properties at pain of being held responsible for hidden problems that emerge after a sale.

In essence, the committee is suggesting changes that could well end buyers' rights to make complete fools of themselves. If adopted, this new approach to sales would certainly enliven the normally embarrassing business of viewing a property.

"Yes, the smell of paint from the basement IS where we covered over the damp patches . . . You might not have noticed but a few of the slates look as though they've sprung loose, and you could have problems with that downpipe as well, it's like Niagara Falls even in drizzle . . . and as for the wiring, well, I bought this DIY book, the children helped with the tricky bits, and we've found the chaps at the local fire station are always terribly friendly . . ."

The right to drag vendors before the local trading standards' officer to answer for their sins of omission would certainly appeal to those whose enthusiasm for a property does not survive their discovery of all its previously hidden horrors in the weeks following a move. A National Opinion Poll of homebuyers, conducted for the Legal & General group a couple of years ago, showed that 16 per cent gave an indignant "no" to the question: "Were the things the people selling the house told you roughly accurate or not?"

An honest seller would not have made much difference to the further 2 per cent who answered "don't know" to that question. But they probably fall into the catagory of non-listeners, anyway, and are beyond hope of even the Law Commission's best efforts to protect them from themselves.

What the legal consumerists appear to have overlooked, however, is the fact that in all but the most isolated properties it is the standard of neighbour, as much as the physical state of the building, that determines if people enjoy living in their new home. In L & G's poll, 7 per cent of respondents discovered their new neighbours were "too nosey"; 7 per cent regarded their pets as a "nuisance"; 8 per cent thought they were "inconsiderate" and 26 per cent "never really talk to them."

Faced with the question: "If you had known more about your neighbours before you moved, would you have decided NOT to buy?" 4 per cent said they wouldn't have made the move. And while 4 per cent doesn't sound much, it amounts to between 50,000 and 60,000 households each year. Follow this to its logical conclusion and if, as the lawyers intend, sales particulars are to be of any real worth, clearly they need to include full and frank comments about the folks next door.

Life beyond *caveat emptor* won't be dull. And, if applied rigorously, the suggested changes inevitably would provide a significant new role for lawyers as they lose their grip on the conveyancing end of the property transfer business. No sensible vendor would dare risk showing a prospective buyer around his property – and describing his neighbours – without a good contract lawyer and a specialist in slander actions at his elbow.

As for estate agencies, they will be able to fill up the vast open spaces left in their sales particulars by the exclusion of such words as "luxury" and "unique" with character sketches of the people in adjoining flats or houses. It puts a new complexion on the term "neighbourhood watch."

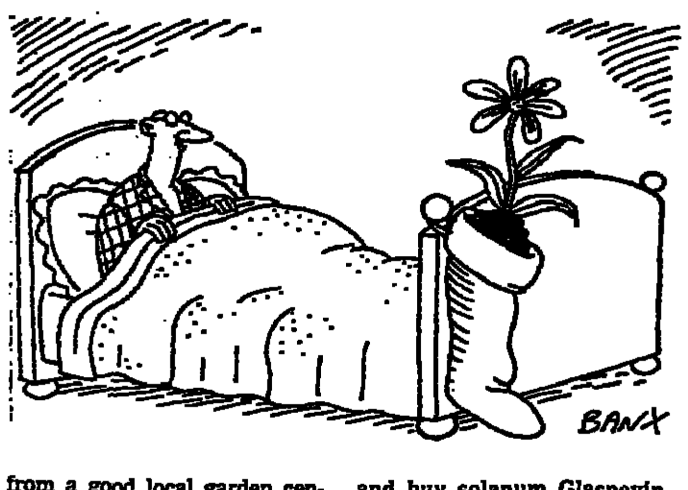
J.B.

COUNTRY PROPERTY

LONDON PROPERTY

For Christmas, some fool-proof seeds

***Robin Lane Fox** sows his ideas for Yuletide gifts*



IDEAL PRESENTS combine thought with not too much money: at Christmas, gardeners ought to be in their element. There are seeds, plants and sophisticated pleasures waiting to be swapped and enjoyed for years.

It is not too difficult to look beyond flowering house-plants, the season's victims, or gadgets which are durable nuisances. Why buy a poinsettia which will probably die within six weeks, or some awful bit of tin, like the elaborate long-handled dust-pan, complete with automatic spring, which I have been invited to test-sweep at leisure? Apparently, it scoops up dog mess from pavements and front gardens and "allows safe ejection into dustbins or compost heaps without the need for handling or newspaper."

Fool-proof seeds would be better value. My personal pack for 1989 can be ordered from Thomas Butcher, 60 Wickham Road, Shirley, Croydon, Surrey, and would not cost more than £4.

This is the one firm which sells valerian in separate colours, allowing you to confine the vivid rose-red form to wilder parts of the garden. The white valerian is the one to cherish, an enchanting companion for roses and gaps between shrubs which are struggling in their early years.

From seed, the shades of white vary and look lovely on paving or in gravel. It lasts for years and any keen gardener would respond to a packet of its seed with one of salvia Turkestanica (a key plant for any border), one of linum Narbonense (the darker blue form of perennial flax) and one of the tall, spare verbena Bonariensis which pokes up through fading border-plants from late July onwards and looks highly distinguished at a height of 4 ft. It is not completely hardy but, like the other three, it can be raised without any particular skill from a packet of Butcher seed.

People who are not into seed-sowing probably are pruners and clippers and would like a pledge of long-term faith in their abilities. Topiary Frames Ltd, Carriers Oast, Hastings Road, Northiam, East Sussex, has the best catalogue of the ready-made frames which I mentioned two weeks ago (so touching off too many enquiries for me to answer individually). Give them a young yew bush, a topiary bird frame and at least 10 years to realise their latent aims as an artist and clip their own green peacock, tail and all.

What would make sense from a good local garden centre? Nobody could resent another climber, especially if *they remember that one* climber can be grown through another, up roses, over rounded shrubs or flat on wire netting if you have run out of walls. I would expect to find and buy solanum Glasnevin, the violet-blue potato flower which is hardy on a sunny wall. *I would add a red honeysuckle*, lonicera Dropmore Scarlet, which flowers for weeks in late summer, although it has no scent.

Connoisseurs might prefer the white-flowered solanum Jasminoides Album, which sometimes turns up among *plants for conservatories. It* will grow rapidly through another wall shrub, much to its own good as it is not very hardy. For the record, because it is so surprising we have it in flower this week at the top of a wall-trained quince tree on our college chapel in Oxford.

Among trees and shrubs, I would look for the upright, grey-leaved perovskia which needs no staking and has blue flowers late in summer. It has to be taken on trust as it looks miserable in December, but it makes a focal point next year – about 3 ft high, standing vertically among lower planting.

The various new forms of *phygelius are all worth* snapping up if you see them at around £3.50: bright semi-shrubs for the late season. Early in spring I would like to have a stachyurus, which makes quite a broad shrub about 5 ft high, hung with charming yellow beads of flower. These Chinese shrubs turn up quite often in conventional retail centres where they sit for weeks because nobody knows their value.

Among trees, I would choose the yellow-fruited crab apple, Malus Golden Hornet, because it is so easy to find. It spreads into such a pretty shape and its yellow apples are a spectacular sight in October.

Lastly, something to read when the weather is too cold or when the nettles have stung you horribly. Four times a year, I enjoy and admire *Hortus*, the newest-comer to quality garden journals. It is the personal triumph of one editor and publisher, David Wheeler, who has set himself the highest standards.

It is designed and printed beautifully on proper paper. It does not stoop to colour photographs but its contributors feel free to write informally, for the love of the thing, and choose subjects which are always inviting.

Interviews, reports on plants, proper book reviews and very well-chosen histories: *Hortus* is a collector's piece at £22 a year from *The Newadd, Rhayader, Powys, Wales (tel. 0597-810-227).* It is much too good for the potting shed but it has a way of getting inside that and giving pleasure on wet afternoons.

Country Notes

When sport becomes slaughter

SURELY SOMETHING has gone very wrong with our sense of fair play and sportsmanship – and it is not England's cricket that troubles me but what is happening to our shooting and fishing.

I have been stirred by a visit to friends on the Hampshire/Berkshire border. It is the sort of visit which rates highly in our calendar of events; it involves a day's shooting of what I regard as the best sort. There is also an abundance of hospitality.

To my mind, the pleasure of this particular day is not the shooting of a mass of birds but the challenge of bringing down fast, high-flying birds. I am not good at this, and yet no one is discourteous enough to remark on my poor contribution.

My favourite part of the day is the meal at the conclusion. At four o'clock it can hardly be described as lunch, and it is too early for dinner. In our part of the world, it could be a meat tea; I am not sure that term would do down south!

So what can be troubling me?

During the day, one of my fellow guns told me of an acquaintance who had been boasting that he belonged to a syndicate that had shot 2,000 partridge over two days, 1,000 on each day.

How can anyone enjoy that sort of slaughter – and slaughter it is? And more to the point, how can it be justified or defended in the growing climate of opposition to all field sports? It can only be a financial imperative that drives the change from balanced shooting of what God provided to mowing down scores of hand-reared, half-tame birds. I find it hard to believe that true sportsmen are involved.

It seems that those willing to pay hugely inflated sums for their "sport" need huge bags to constitute an enjoyable day. *Thus it follows* that birds have to be raised en masse and released to the guns.

I used to visit Malta where songbirds were caged and placed on the stone walls in the countryside. Warmed by the sun, they would sing their little hearts out; they lured their migrating cousins to waiting guns. I don't recall any wild living birds on the island.

In France, I have known birds released from one side of a wood to guns on the other side. That was understandable, I suppose – shooting in this way was something done round the Mediterranean or by the Continentals, but certainly not by the British. Now, we are worse than the worst.

In Derbyshire, there is a river in which rainbow trout breed naturally. It provides incomparable fishing in wonderful surroundings and, although private, day tickets can be bought for a reasonable sum. The point is that you are allowed to use only dry fly and I, for one, have never reached my take entitlement.

Yet further north, south, east and west are rivers, lakes, ponds and reservoirs stocked to the limit with enormous fish that take almost anything. They are good fish, but the aim is to provide a large number of people with a large number of large fish. It is the same financial imperative that has invaded the shooting world.

I wish I knew where we had lost our way.

Bobby Robson

Primulas are worth the risk of a rash

IT IS not so many years ago that, during the pre-Christmas weeks, flower shops and garden centres were full of winter-flowering primulas bred from the Chinese species, *malacoides, obconica* and *sinensis*. This year I could not find any and, in their place, were the modern, large-flowered varieties of the common primrose and its offspring, the polyanthus.

We are much more health-conscious than we used to be, and I suppose that fear of skin rashes caused by some of these primulas is part of the reasons for their decline in popularity: but, really, the risk was never great with malocoides and sinensis. Obconica is the one most likely to cause trouble but, even then, only to a minority of people; and all risk can be eliminated by wearing gloves and so avoiding bare-skin contact with the leaves.

Undoubtedly, the new races of primrose and polyanthus are most attractive plants, with a wonderful range of bright as well as delicate colours and flowers much larger than those of older garden varieties. I certainly have nothing against them; and although some of the finest in flower quality are not as hardy as the old varieties, and so may not over-winter reliably outdoors, they are completely safe with almost any kind of winter protection and are certainly grown best with little or no artificial heat.

Yet, much the same can be said for primula malocoides, which is completely happy in an unheated room or in a conservatory with just sufficient heating to exclude frost. This is the primula that is sometimes called the fairy primrose because its flowers are small but numerous, carried in loose sprays up to 18 inches high. At least, that is what the wild plant does, and it is how malocoides started off in our greenhouses about 80 years ago; but, once the plant breeders got to work on it, the flower size increased, varieties with double flowers were produced, and stems became progressively shorter and stiffer.

For my part, I still prefer the original type, so elegant and so distinct in habit from any of the other primulas, although I like the increase in colour range which originally was limited to rather *wishy-washy shades* of mauve pink.

Were it not for the potentially irritating leaves, obconica would be the best of these winter-flowering primulas because its flowers are large and carried in fine clusters; the colour range extends from white, through pink and bright blue to carmine, crimson and deep blue; and flowers will continue to appear for longer than any of the others, certainly well into the spring and, if temperatures can be kept down, even into the summer.

It is also a tough plant, easy to grow and fairly tolerant of the dry air of living rooms. It is high temperatures and lack of moisture at the roots that it dislikes most.

Primula sinensis is arguably the most beautiful and certainly the least easy (I will not call it difficult, since that would be an exaggeration) of the lot. Its leaves are lobed deeply and the whole plant, including the flower stems, is covered in soft down which looks lovely but makes it vulnerable to careless watering.

This is a plant well-suited to the capillary bench from which all water soaks up from below and the leaves remain dry. If it is watered from a can, the spout should be held beneath the leaves so that the water flows directly onto the soil.

Chinese gardeners, with their keen eye for beauty, selected this primula for development as a garden plant centuries ago and it was from Chinese gardens, not from the wild, that it was introduced to our gardens many years ago. I believe that truly wild plants have yet to be *discovered*, and it was certainly from cultivated plants that botanists named and described it.

The flowers can be carried candelabra-fashion, one cluster above another, a characteristic developed most highly in the type known as Stellata in which the petals are spaced more widely and so give the flower a more starry, less circular form.

Unhappily, this charming type seems to have disappeared from the seed catalogues and so has Dazzler, the only Chinese primula I know with genuinely vermillion flowers. When it first appeared some time in the 1930s, it was a sensation. Perhaps some plant *conservationist knows* where it can still be found.

Although all these plants are, strictly speaking, perennials, this is not the way to grow them in gardens. They are best in youth and should be renewed annually from seed. This can be sown some time in April for all types, although I prefer to delay sowing the malocoides varieties until late May when germination is swift without need for any artificial heat.

The seedlings should be transplanted about 1.5 inches apart into seed trays and then, as soon as their leaves are touching, pocketed singly in three-inch pots from which they can be moved on into five-inch pots directly roots start to come out through the drainage holes. They are really best in a frame or even standing outdoors in July and August, since it can be difficult to keep a greenhouse sufficiently cool by day.

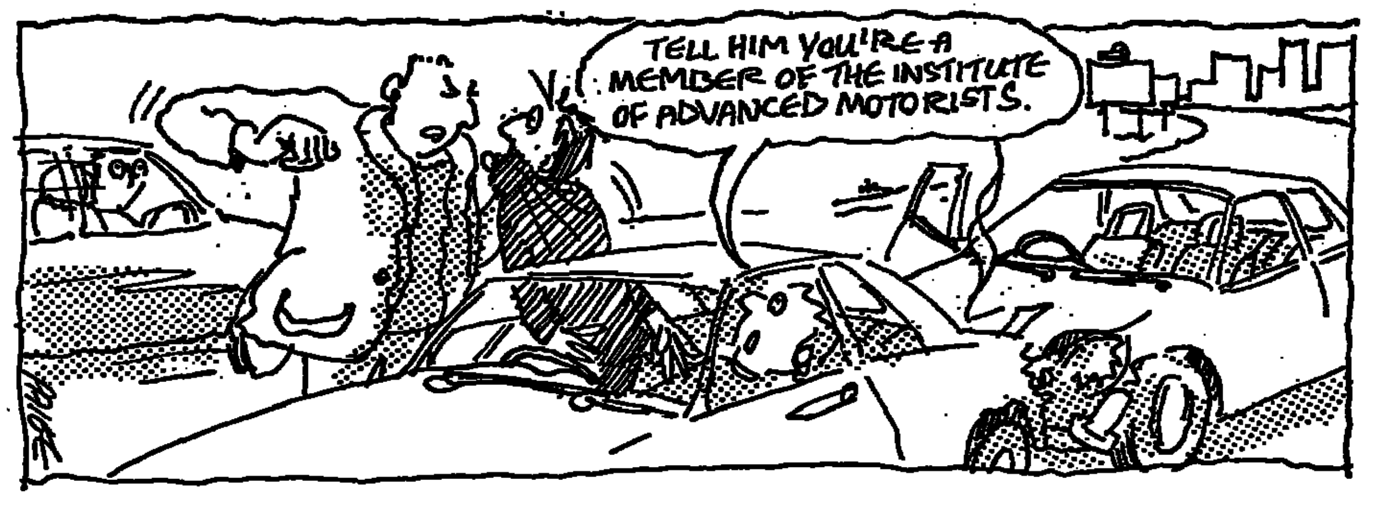
Any good peat compost will do, but be ready to feed moderately once the plants are well established in their final pots. This is especially necessary if an attempt is made to keep the obconica varieties flowering late into the spring, since peat composts soon run out of nutrients.

Arthur Hellyer

MOTORING

The road hogs who endanger us all

***Stuart Marshall** suggests ways to improve driving skills along with responsibility behind the wheel*



DRINKING and driving now seems to be socially unacceptable among the thinking classes. Sadly, though, there are still enough people who equate manliness with driving after swallowing beer by the bucketful to keep the police, courts and casualty wards busy.

The latest Department of Transport campaign will apply a further turn of the screw. It stresses the humiliation, financial cost and inconvenience that follow arrest for failing to pass the breath test. Perhaps this, rather than appeals to conscience, will convince the remaining hard core that having a skinful and trying to drive home really is a very bad idea.

What, though, about the other driving habits that cause death and injury and contribute to the inexorable rise in insurance premiums?

Excessive speed for the prevailing conditions is starting to be curbed by new technology. This ranges from improved radar guns to helicopters that time cars over measured lengths of motorway.

The police in general seem to be taking a realistic attitude. The Association of Chief Police Officers believes the motorway limit should be raised from 70 mph (113 kmh) to 80 mph (129 kmh). As a result, few drivers are likely to be prosecuted for doing 80 mph on a dry and uncrowded motorway.

In fog, heavy rain, or if the speeding is accompanied by a lot of aggressive headlamp flashing, a penalty might (and many will feel should) be the result.

Catching speeding offenders is, of course, an agreeably black and white business for the police. You cannot dispute a read-out on a radar. And if the police observer in a helicopter tells the patrolman who stops you that he has just timed you travelling at 95 mph between two bridges, to argue is to waste your breath. (You probably know you have been, anyway).

It is the harder-to-prove offences that worry me more than straightforward bending or breaking of the motorway limit, although speeding in suburban streets and country lanes is another, more dangerous matter altogether.

The pernicious habit of tailgating – driving too close to the car in front – is a prime cause of the worst multiple motorway accidents and leads to countless minor ones. You see tailgating all the time, but the police find it difficult to get evidence on which to prosecute.

I hate the idea of unmarked police cars but I suppose they would be one way of catching motorway tailgaters, especially if equipped with a device developed by the Hughes Aircraft Company subsidiary of General Motors. The Near Obstacle Detection System (Nods for short) is planned for 1992 model cars in the US.

Nods warns drivers when reversing that they are getting uncomfortably, perhaps damagingly, near to hidden obstacles. Similar technology might easily be used to measure the closeness of a following vehicle. Electronically recorded distance/speed data would provide cast-iron evidence for an on-the-spot penalty or prosecution.

Disregarding halt signs and the pedestrian priority phase of traffic lights has gone so far as to make enforcement of the law a sick joke. I doubt that one car in five stops at a particular halt sign in my own town, Tunbridge Wells in Kent. (If the local chief superintendent is reading this, he should put a couple of officers where the Post Office slip road joins Vale Road. At a tenner per infringement, he should clear £100 an hour easily).

In London, the way pedestrian's rights are ignored, and lives put at risk at traffic lights, is a disgrace. Walking from Bracken House to Charing Cross a week or two ago, I was nearly mown down three times. First it was a van, then a minibus and, finally, a chauffeur-driven limousine. With several others, I was trying to cross Lancaster Place, Waterloo Bridge, when the little green man said it was our turn.

We might laugh at the Swiss for waiting at deserted junctions for the pedestrian lights to turn in their favour. But

Tailgating is a prime cause of the worst multiple crashes and countless minor ones

when you do cross a main road in Geneva, you can be certain that some lout in a car or van is not going to make you leap for your life. Also, when driving in a Swiss city, you find there are very few jaywalkers to avoid.

The way we drive reflects broadly the way we behave generally. People who strew litter, deface buildings with graffiti, settle disputes by sticking knives in one another, and think anyone else's property is theirs for the taking or vandalising, are unlikely to change for the better when they get behind a steering wheel.

Does this mean nothing can be done and that we must just learn to put up with ill-mannered, aggressive and dangerous road use? I think not.

Unremitting propaganda, backed up by legislation, has persuaded us all to wear seat belts. Much the same is happening with drink-driving. A sustained public relations campaign, plus greater emphasis on driver education and training, might be able to halt the trend to aggressive behaviour on the roads and perhaps put it into reverse.

What needs to be done and what, in practical terms, can be done?

Raising standards of driving instruction would be a good start. They are better than they were but still vary enormously. This is shown by the fact that at least 90 per cent of the 1m candidates who failed their test in the past year had taken some form of professional instruction. In their case, much good it did them, although it has to be said that many failures result from pupils insisting on taking tests too early.

Driver training, as the Department of Transport is well aware, is not always structured properly. At the moment, there is nothing to stop anyone booking a course of driving lessons on public roads even if they have never heard of the Highway Code, let alone read it, and don't know why a car has a gearbox and clutch. In other countries – Japan, for one – a learner-driver has many hours of classroom and in-car instruction on a private ground before being allowed on the highway for the first time.

One way of smoothing the learning process is to use a home study kit of videotape and work-book (£19.95 from W. H. Smith, any licenced learner driving school, or from Foremost Training, Station Lane, Pontefract, West Yorkshire, WF8 1RB). Learner drivers see on screen what they have to do at their first and subsequent lessons. Completing the workbook makes sure the message of the pictures sinks in.

Once the provisional licence is exchanged for a full one, all too many people think there is nothing else they need to know about driving. In fact, they are still at the bottom of the learning curve.

If only to reduce their insurance costs, many companies with large car fleets are insisting on their staff taking one of the advanced driving courses now on offer. Best known of the organisations is the Institute of Advanced Motorists, which recently enrolled its 200,000th member. (To join, you have to pass a 90-minute driving test. Compared with it, the official one is what the *hors d'oeuvre* is to a seven-course dinner).

The pass rate for candidates who have had guidance – such as police lectures – is 80 per cent, against 62 per cent for those who took it unprepared. Women now make up 25 per cent of IAM test candidates. More women than men are now trying to pass the official Department of Transport test.

I have been a member for 15 years. Each time I renew my comprehensive car policy premium, the 20 per cent IAM discount I get from my insurance company pays my annual subscription several times over.

The Royal Society for the Prevention of Accidents runs similar advanced driving tests and, like IAM, provides training through its regional groups. It has carried out more than 17,000 tests since 1979 when it absorbed the former League of Safe Drivers, which had tested 30,000 people between 1955 and 1979.

RoSPA, too, claims an 80 per cent pass rate and says most of the failures are among those who take the test without preparation. I must have been lucky because, when I took it "cold" recently, I gained a class two (silver) pass. The majority of passes – about 60 per cent – are in this class; 30 per cent are class three (bronze); and 10 per cent class one (gold).

Like that of the IAM, RoSPA's advanced test is realistic and lasts about 90 minutes. My examiner was a Kent traffic patrol policeman – you could say he was moonlighting with official blessing – and the route took in everything from country lanes to M25.

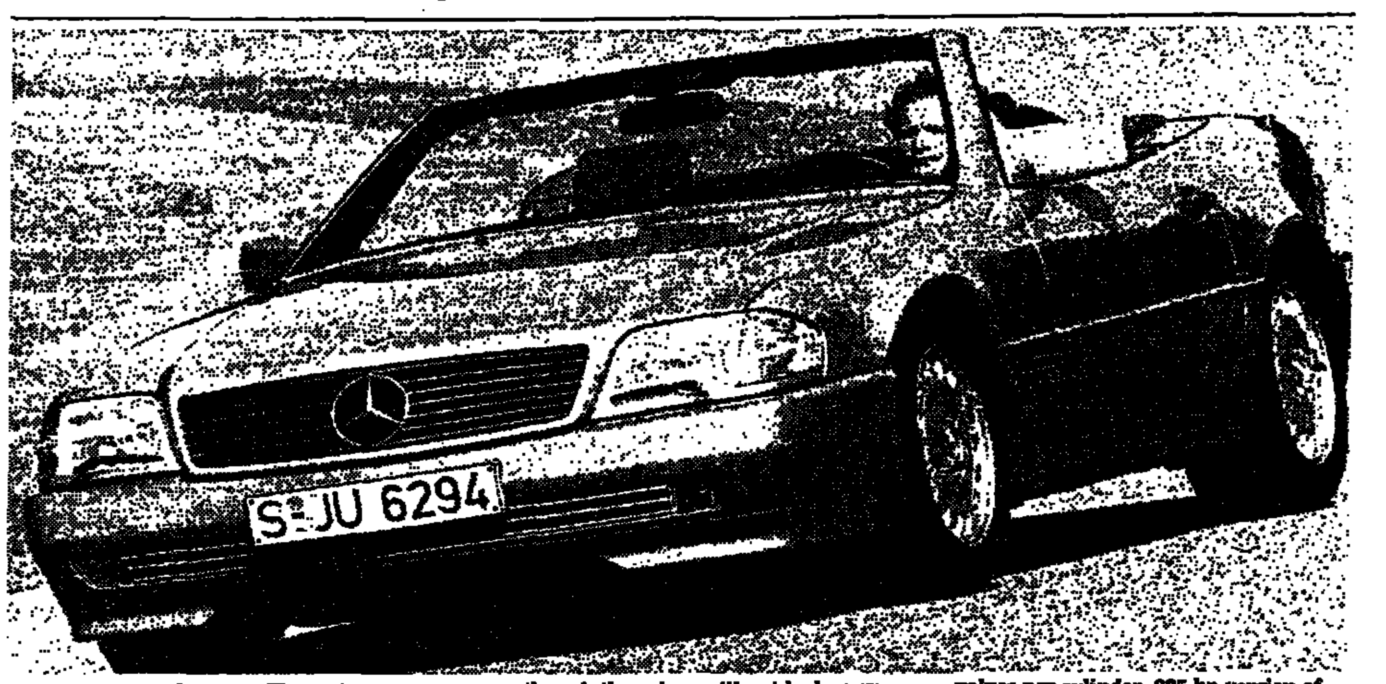
Why only silver? Well, the detailed written report ticked me off for not checking the controls before driving away. In my defence, it was my own car and I had been driving it all the morning. It said all sorts of nice things about my actual driving technique, standards of observation and so on. But a finger was wagged, perfectly fairly, at my tendency once in a while to make a turn signal as I glanced in the mirror rather than looking first before signalling.

Will I be going for a gold? You bet I will. And I would urge anyone who likes doing things properly to take one or other of the advanced tests.

■ The cost of the IAM's is £26. This covers the first year's subscription (£7.50) plus an £18.50 test fee. If you fail, you can ask for the £7.50 back. Stay in and a re-test will be £16.

RoSPA charges £34.95. This includes the test and a year's subscription. If you fail the test or get only a class three (bronze), the re-test is free. The annual sub is £10 and a three-year re-test of class one and two (gold and silver) members is free.

For more information, call the IAM at 01-994-403 or RoSPA on 021-200 2461.

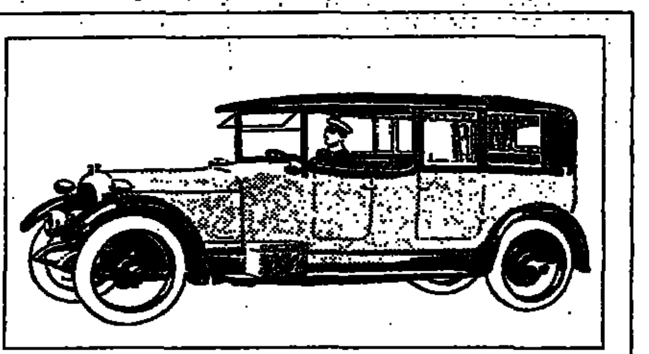


THE NEW Mercedes-Benz SL sports car will be unveiled at the Geneva motor show in March.

This is the first official photograph; but so much has been spoken and written about the car already that one London dealer has 60 firm orders on his books, even though the prices will not be known for some weeks. They are thought unlikely to start at less than £35,000 for the 300SL, powered by the existing three-litre, six-cylinder engine.

Other, much costlier, models will include a 300SL-24 with a new, four valves per cylinder, 225 hp version of the three-litre, six-cylinder engine; and a 500SL with a 320 hp, 32-valve, five-litre V8.

It is thought a 12-cylinder, six-litre engine, still under development, will power an SL flagship of the early 1990s.



BOOKS

From Russia with secrets

***Zara Steiner** on the contribution Soviet defectors have made to Nato intelligence*

THE STORM BIRDS: Soviet Post-War Defectors
by Gordon Brook-Shepherd
Weidenfeld & Nicolson £14.95, 304 pages

WRITTEN tightly and sensitively by an experienced journalist and historian who has had access to important sources of information, this sequel to *The Storm Petrels* (1977), a study of pre-Second World War Soviet defectors, matches in excitement and drama any comparable fiction. In addition to published and private sources, Brook-Shepherd has interviewed eight of his dozen main defectors to produce detailed life histories of men hardly known as individuals even in the news-hungry West.

To an unusual degree, this former *Sunday Telegraph* journalist has combined intelligence with insight and common sense to assess the motives of each of his "storm birds" in deciding to defect to the other side. He has rescued from obscurity men whose importance in the post-Second World War period should be recognised. He adds much that is new about the more publicised figures such as Igor Gouzenko, Oleg Penkovsky, and Anatoliy Golitsyn.

All but one of his defectors worked for Soviet intelligence; the exception, the Soviet diplomat Arkady Shevchenko, was serving as the United Nations Under-Secretary General at the time of his defection. Shevchenko, although apparently sharing the common professional diplomatic distaste for spying, nevertheless spent his two years in New York City reporting to the CIA.

Readers should be warned that Brook-Shepherd views the past and present through strong Cold War glasses; He does not dwell in the grey world of moles and mole-hunters. His moral certainties preclude any of the questions raised by the mirror-image proceedings of intelligence agencies on both sides of the Iron Curtain. Nor should we swallow whole his assumptions about the contrast between British scepticism and American naivete in the face of conspiracy theories. Such views necessarily colour his presentation of the defection story, although they do not affect his judgments of the quality of defector intelligence.

If this is not the misty no-man's land of Len Deighton and Le Carré, the variety of men (only one woman, Evdokia Petrov, is given any extended attention) portrayed here rivals either writer's cast of characters. The most significant are Brook-Shepherd's three "giants" – Colonel Penkovsky and the two ideologically motivated intelligence agents, Gordievski, and "Farewell," a French-run agent of whom, I confess, I had never heard until reading this book.

Penkovsky is well known, above all, for his critical role during the Cuban missile crisis when his reports alerted the Americans to what the Soviets were doing in Cuba, and then brought more reassuring news about the number of Soviet ICBMs and the logistical problems that weakened the Soviet tactical missile system. But Brook-Shepherd also deals with Penkovsky's other major, if less spectacular, contributions: intelligence culled from some 5,500 top-secret military documents ranging from descriptions of the newest Soviet tanks to future space war programmes.

All of this proved to be of inestimable value to Nato. There are, as Brook-Shepherd admits, still unanswered questions about Penkovsky and his British contact, the businessman Greville Wynne. But these chapters on Penkovsky – a highly important but volatile, fantasising, womanising agent who "turned" partly because the KGB blocked his promotion in the military intelligence service – shed considerable new light and fill in some of the gaps in the story of how the KGB came to uncover him. At the least, Brook-Shepherd demolishes convincingly recent assertions that Penkovsky was a Soviet plant or KGB agent.

The author does a similar hatchet job on intelligence defector Anatoliy Golitsyn who, after proving his worth to the Americans, subsequently fuelled wild speculations that the KGB had penetrated every nook and cranny of MI6 and CIA, and followed up these irresponsible charges with stories of a vast Soviet exercise in disinformation which grew more and more fantastical. Unfortunately, Golitsyn's imaginings were believed by, among others, James Angleton, the head of CIA counter-intelligence, with disastrous results for the morale and reputation of the CIA.

Brook-Shepherd spent two days with the second of his three giants and the only one to survive to tell his story. Oleg Gordievski was the KGB's top man in London when he defected. He brought to the West an insider's information of how the KGB worked and, more importantly, a unique knowledge of what the Kremlin was thinking in the late 1970s and early 1980s when its leadership was divided and direction confused.

The Soviet "Operation Ryan" or "Nuclear Missile Attack" resulted from self-generated fears that the West was about to launch a lightning nuclear strike against the Soviet Union. An unusually combined KGB-GRU team created to test these assumptions was, at first, highly sceptical, but the Soviet leadership seems to have worked itself into a panic during the first Reagan administration. Soviet alarm was fuelled by the new American missile systems and the implementation of Nato's double track decision of 1979.

Colonel Penkovsky, who passed more than 5,000 documents to the West

There was a real moment of panic and a wave of war jitters, noted by Western intelligence, during a Nato exercise early in November 1983. Gordievski's warnings to London that these alarms, however unjustified, were based on a highly plausible reading of the Washington situation were passed on to Britain's Nato partners and to President Reagan. Nato steps were taken to avoid needless provocation which might be misinterpreted in Moscow. The Gordievski reports contributed to the winding down of President Reagan's "Empire of Evil" rhetoric which had begun as part of a domestic campaign.

Gordievski could provide what no spy satellite can supply: a window on the Soviet reading, or misreading, of the Western intentions. This was true, too, of Shevchenko, who had served as Gromyko's personal adviser for three years before going to New York and was to insist after his defection that this supposedly hard-line foreign minister was, in fact, obsessed with keeping American-Soviet relations on an even keel, even at the cost of constant battles with the Soviet Minister of Defence.

The story of "Farewell" is one of the most unusual in this collection. The French have been extremely reticent about their intelligence breakthroughs. Nor do the end notes to this chapter shed much light on the author's sources. Farewell, after serving in Paris, was a senior officer in Department T, a sub-division of the KGB's first chief directorate responsible for the collection of special technical and industrial intelligence abroad. For over a year, he provided Paris with thousands of secret documents indicating what the Soviets were seeking and how far the KGB was able to fulfil their needs. His papers identified the agents: industrial spies and techno-bandits supplying the required plans and parts and providing, incidentally, the latest information on new Soviet military equipment based on Western borrowings.

Again, Brook-Shepherd is at his best describing Farewell's complex personality as well as the bizarre chain of events which led to his arrest for murder and his subsequent unmasking as a master-spy.

This is a very rich and imaginatively written book. The outsider cannot hope to judge its accuracy; on internal evidence and checking, as in the Penkovsky case, with other insider accounts, it appears that Brook-Shepherd is unusually well-informed. The evidence presented here suggests that apart from exceptional cases, the most valuable "crown jewels" defectors bring are not the documents seized from the desk or the naming of moles but the light they throw on the perceptions of their leaders.

Perhaps contrary to the author's intentions, *The Storm Birds* convinced me that one should not have to rely on defectors to persuade either side of the unlikelihood of war or of an imminent nuclear confrontation. Peace is too serious a business to leave to spies.

Top modern poet put under the microscope

***Anthony Curtis** reads a scholarly assessment of the works and attitudes of T. S. Eliot*

CHRISTOPHER RICKS is the very model of a modern English don. Trained at Oxford, his first job was in that university as a tutorial fellow of Worcester College. In 1968, at the age of 35, he was appointed to a professorship at Bristol. He stayed until 1975 – with one or two years off to be visiting professor in places such as Harvard, Wesleyan and Brandeis, in the US. Then he went to Cambridge as professor of English and fellow of Christ's College until, quite recently, the lure of the American academe proved irresistible: Ricks is now professor of English at Boston University.

Ricks' first book was on Milton's style and revealed him as an acute explicator of a text. This ability was confirmed by the superb job he did on the poems of Tennyson, which he edited afresh in their entirety in 1969. Alongside these and later academic works, Ricks became known more widely to the literary public as a writer of book reviews. I think I can claim the credit for having given him his first reviewing assignments for a national paper; but it was not long after when he left my tutelage and began to appear in the *New Statesman* and the *Sunday Times*.

Anyone who followed Ricks' reviews at all closely will remember that the terse, easy style of the earlier work was displaced latterly by an obsession with the ambivalent properties of English words as if, in order to make his point, the reviewer felt obliged to make a pun at the same time. It was not that Ricks was being deliberately facetious or indulging in vulgar flippancy but, rather, that he simply refused to let any significant word in a text off the hook without putting it under his critical microscope.

From his new book, *T. S. Eliot and Prejudice*, it becomes clear that this is the method of Ricks the professor even more rigorously than it is of Ricks the reviewer. His is a strenuous approach to Eliot's verse which, for those patient enough to persist with what at times seems like the modern equivalent of counting the number of angels on the head of a pin, can be recommended warmly for the depth of insight it yields into the complex mind and difficult art of Eliot. It should be urged particularly on any young person trying to gain acceptance for a university course in English as a sample of what he or she might expect.

No general argument or thesis is stated either at the beginning or end. We move chronologically from the poet's early work in *Prufrock and Other Observations* to the consummation of his art in *The Four Quartets*, with choice specimens of prejudice culled from the poems and flashed, as it were, on the screen while the professor points his cane at certain patterns, tones, repetitions, and any other remarkable features.

T.S. ELIOT AND PREJUDICE
by Christopher Ricks
Faber & Faber £15.00, 290 pages

These primary specimens are collated frequently with secondary material taken from the poet's unpublished drafts, prose writings, journalism, and the work of many other poets and thinkers. Although Ricks eschews the historical context – you will hardly find a single reference to the Second World War – he feels free to open out vast comparative perspectives from within his textual citations. He often draws attention to remarks in Eliot's book reviews (of which, in his penurious youth, Eliot wrote a great many, and which were not later re-printed) that shed a sidelight on familiar passages in the verse.

T. S. Eliot

Strangely enough, the one obvious comparison Ricks ignores is the most celebrated use of the word, Prejudice, in literature – that of Jane Austen. Surely there was illumination to be gained here? Through high comedy, we are given a lesson in how prejudice is a state of mind that precedes experience and which might – in some people but not others – be overcome by experience.

For Ricks, the sources of prejudice in Eliot that animate his early work are often to be discerned in the names and accompanying character vignettes that proliferate within it. Ricks spends a great deal of time on the significance of the full title J. Alfred Prufrock. "And what" asks Ricks "can be a sharper focus for prejudice than a name?" In an excellent discussion of Eliot's anti-semitism, manifest plainly in one or two of these early poems and in the prose work *After Strange Gods*, Ricks shows it focused often on names. It rages fully in that odious poem, *Burbank with a Baedeker: Bleistein with a Cigar*, a poem of which, we learn from the recent volume of letters, Eliot was especially proud.

At the end of the war when the full horrors of the Holocaust were made known, some writers who had indulged in gratuitous anti-semitism in the 1930s pruned it from their work when it was re-issued. Compare, in this respect, the pre-war and post-war texts of *Brighton Rock*. Not so Eliot, whose only evidence of second thoughts was, in that nasty passage in *Gerontion*, to print the word "Jew" with an upper-case J from 1963 onwards. Ricks agrees with Graham Martin that anti-semitism is not a marginal issue in Eliot. His well-documented discussion will have the effect of pulling it out from under the carpet where in England it has lain for so long.

Ricks traces a diminution of prejudice in Eliot's poetry after *The Waste Land* and through the transitional period of *The Hollow Men*, *Ash-Wednesday* and *Marina* – he has a whole section on Eliot's use in these poems of the word "between" – until we reach the *Quartets* with the poet's consciousness "Of things ill done and done to others' harm/Which once you took for exercise of virtue," and where he has ceased to name names.

But Eliot did not stop writing poetry after the *Quartets*. He wrote several poetic dramas to which Ricks should have devoted a final chapter. He might have continued his fruitful discussion of prejudice there, even in the names of some of the characters. Can we be sure that, in spite of that y-appelling, Edward Chamberlayne in *The Cocktail Party* is not compounded of the Abdicator and the Appeaser? As you see, Professor Ricks' method is infectious.

The quiet revolution

HOW FAR was the Glorious Revolution of 1688-9 a revolution at all? It was not like the Puritan Revolution which, although it did not last, turned the whole of Britain upside down and reached to the depths of society.

What was changed by the Revolution in 1688-9? Not all that much. It was hardly even a dynastic revolution: William III was himself a Stuart on his mother's side, and his wife had been the heiress to the throne for the past 11 years until the unfortunate birth of a son to James II – a quite unexpected and undesirable event.

James was obstinately determined to impose a Catholic dynasty upon a madly Protestant country – two countries, for one must not overlook Scotland, where the Presbyterians were the majority. Not content with that, James provided for a Catholic Regency for his heir.

The country was not standing for that. This editor says that not one in 20 Englishmen would accept a Catholic heir, and that "in effect James committed political suicide." In a moment of truth, the king admitted that his "fatal error had been to bring papists into government."

A KINGDOM WITHOUT A KING: The Journal of the Provisional Government in the Revolution of 1688
edited by Robert Beddard
Phaidon £14.95, 209 pages, illustrated

He had already alienated virtually the whole governing class including his favourite daughter, Princess Anne: "God help me, my own children have forsaken me." The deity did not come to his aid, *dévot* as he was. His flight left the throne vacant – although he again did not have the sense to abdicate (unlike Edward VIII) and that caused all the trouble that ensued, the rise of a Jacobite party etc.

Dr Beddard has not much sympathy for William; he speaks of his "soaring ambition" but admits that, originally, he had no intention of taking the throne until James's flight from it. William was impelled to it by events, not just personal ambition.

The fact became plain that nothing short of that would work. The Humpty Dumpty of James II could never have been put together again, whatever anybody wished. There is an impulsion, if not an inevitability, in events.

Eventually, a sensible solution emerged: William and Mary as joint king and queen – William to suit the Whigs, Mary to please the Tories. That solved the problem and filled the gap.

The interest of this book is that it tells us in more intimate detail than before what happened meanwhile. The peers and bishops, the natural leaders of the country, came together to form a provisional government and keep order. Anti-popery mobs were rioting, burning down Catholic chapels and houses. Beddard has had the luck to discover the journal the interim government kept.

Anti-Catholic drawings from a card pack commemorating the revolution of 1688 – from "A Kingdom Without a King"

It is fascinating to see how naturally the governing class took over, and it had the decisive support, financial and otherwise, of the City. It thereupon called on William to undertake the administration.

The book is equipped thoroughly with informative notes and eloquent illustrations.

A.L. Rowse

Sex, maybe. Sport, certainly

THE NUMBER of words, books and images devoted to reporting and glorifying sport is a wonder to behold, but I suppose somebody must buy them. Of course they do, for sport looms ever larger in the modern world: larger than sex, perhaps, now that *that* fine recreation is under a cloud.

It would take months to sort out the cream of the latest sporting crop but here is a small selection, chosen only partly at random.

I am afraid that I enjoy boxing, but then I have generally found most professional fighters to be big-hearted souls, and usually intelligent. Which are the words I would apply to England's Boxing Heroes by Frank McGhee (Bloomsbury, £12.95, 191 pages), in which the former chief sportswriter of the Daily Mirror pays tribute to the careers and behaviour of around 50 of England's finest, from the age of fisticuffs into the post-war era (Turpin, Downes, Cooper, Minter, etc) and down to the present day.

In the present day, we have one of the greatest characters of all. Frank Bruno might not be a lethal heavyweight. And there are many who entertain extravagant fears for his safety if and when he ever does fight undisputed heavyweight champion Mike Tyson. But Bruno has managed to keep himself impressively fit while enduring the frustrations of numerous postponements, and might not be totally outclassed by the born-again Tyson. Anyway, McGhee does him justice, as he does the rest. And the black-and-white photos are marvellous.

Cricket books are an industry in themselves. I have noticed two I like. The first, My Dear Old Thing by Henry Blofeld (Stanley Paul, £10.95, 156 pages), is an engaging account of the past five years in international cricket, starting with England's losses in the 1984 series against New Zealand and Pakistan. He includes an assessment of the many recent England captains, a labour of love indeed.

Histories of cricket are two a penny, but A History of Cricket by Benny Green (Barrie & Jenkins, £15.95, 288 pages) is very nice indeed: knowledgable, witty, infectious and splendidly illustrated.

There is an enormous industry in golf books, as well. In Gettin' To The Dance Floor by Al Barkow (Heinemann Kingswood, £14.95, 282 pages) you can learn all you wanted to know about the early days of American pro golf. As the flyleaf states: "The life style was bone-wrenching and the purses piddling, and it was always a grind, and it certainly wasn't glamorous, and nobody got even within smelling distance of rich." I like books like that.

In Sport and The Artist: Volume 1: Ball Games (Antique Collectors' Club, £29.95, 359 pages), Mary Ann Wingfield takes us through the histories of each sporting ball game, illustrated by art of the period. Artists who have specialised in each sport are discussed in detail. It is better than it sounds, although arguably a shade pricey.

Finally, The Complete Book of Sportfishing (Macdonald Queen Anne Press, £20.00, 284 pages) is aimed both at the beginner and the experienced sportfisherman – a dubious claim, but one which the assembled team of experts tackles with panache. It also tells you how to handle and prepare the fish once caught. I had always wanted to know how to cook a 3,000 lb sailfish; now I do.

Michael Thompson-Noel

Crime

DEADLY SCORE
by Paul Myers
Constable £10.95, 239 pages

KEY WITHOUT A DOOR
by Anthony Lejeune
Macmillan £9.95, 224 pages

MARRIAGE IS MURDER
by Nancy Pickard
Collins £9.95, 210 pages

SALTY WATERS
by Stephen Murray
Collins £9.95, 172 pages

MARK Holland, the musical manager and former spy, doesn't seem to have a great deal of time for his legitimate clients in *Deadly Score*. His former colleagues – villains, mostly – get him involved in an elaborate game of double-agentry and internecine vendetta. A presumed Mahler autograph is also an ingredient in this tasty story. Certainly knowledgable about music, Paul Myers seems to know quite a lot also about espionage.

James Glowery, Anthony Lejeune's recurring protagonist, is an Oxford don (classics) and also an irritating crank. His dislikes – from life peers to trainer shoes – take up more space in *Key Without a Door* than they merit; but the central adventure inspires some exciting pages, and a good shoot-out at the end. An old-fashioned but well-fashioned narrative.

A small New England town seems to have more than its share of wife-bashing in *Marriage is Murder*. Jenny Cain, a Foundation director, and her intended husband, policeman Goef Bushfield, sort it out neatly and marry on schedule. A pleasantly written story, with an attractive basis of justified moral indignation.

The humane and perceptive young DI Alec Stainton goes off alone on a seaside holiday in *Salty Waters*, trying to forget a frustrated love for Jayne Simmonds, a junior colleague. When a girl's body is found, Alec is assigned the case, and Jayne is sent to lend a hand.

Stephen Murray has a keen sense of the resort atmosphere, the local quarrels, and the undefined aspirations of provincial teenagers. The solution is thoroughly satisfactory.

Fiction

Thinkers as doers

ON THE face of it, a monumental first novel about Wittgenstein, Bertrand Russell and G. E. Moore is not the most encouraging of prospects and, indeed, there is a certain amount in Bruce Duffy's *The World As I Found It* to be discouraged about. But there is a great deal to enjoy, too, for it is an interesting book about a very interesting collection of people.

The main problem with the novel is that the author is American – whether an academic or not is unclear, but certainly a man versed in philosophy – and he has the American academic approach to writing. His research is exhaustive, his prose lumpen. His dialogue, although not actually as bad as it might have been, is not wonderful, either, and there is a feeling of stiffness throughout.

That said, however, it is riveting stuff. The author takes us through Wittgenstein's life – the title comes from the *Tractatus* – from beginning to end, with numerous stops in between. We see Wittgenstein as an adolescent, in the bosom of his family (he was at school with that awful Adolf Schickelgruber), in the trenches, at Cambridge, on holiday in Norway, at the cinema with young men. Wittgenstein as he really was, in fact, with Moore and Russell as his foils.

There is a strong walk-on cast, too – Keynes, Strachey, D. H. Lawrence, Lady Ottoline Morrell, numerous hirsute youths (who may or may not be figments of the author's imagination). Much of the novel, including some of the sex, is already a matter of public record, but the author has had great fun filling the gaps with inventions of his own. Indeed, it is maddening sometimes not to know whether such-and-such an incident really happened. But that is a small price to pay for a most engrossing read.

Philippe Labro's *The Foreign Student* is engrossing, too, although the subject again seems unpromising at first glance. Erik de Mauny wrote appreciatively of this novel in our Parisian Books page in the *Weekend FT* on April 11, 1987, and now it appears in English translation.

THE WORLD AS I FOUND IT
by Bruce Duffy
Secker & Warburg £12.95, 546 pages

THE FOREIGN STUDENT
by Philippe Labro translated by W. R. Byron
Collins £11.95, 255 pages

TRACKS
by Louise Erdrich
Hamish Hamilton £12.95, 218 pages

THE DARK CLARINET
by Richard Thornley
Bloomsbury £12.95, 218 pages

The author, as a schoolboy in the austerity-ridden France of the early 1950s, was given the chance of a year at an American university in sunny Virginia. He seized it with both hands, and this novel is a thinly-disguised account of his awakening to the possibilities of adulthood in the Land of the Free.

There is little plot as such. The story opens with the young man's arrival in America, and closes much later at the end of his first academic year. What happens in between is mostly a series of snapshots of life across the Atlantic, everything from groping girls at the drive-in – that *sine qua non* of American youth – to fraternity houses, to the ugliness of racism on the black side of town. Not a thing that hasn't been covered many times before, in fact.

The book grips, nevertheless, perhaps because of the light it throws on the sheer awfulness of the American way as viewed from the perspective of a less brassy civilisation.

The students' Assimilation Committee is so powerful that when one youth decided to grow a moustache – the only one on campus – they hauled him up and forced him to shave it off. At a time when the likes of Senator McCarthy were stalking the land, there is something very chilling about a university of young men so bland, so conformist, that not one of them has the strength of character to tell the committee to go forth and multiply. Philippe Labro does well to remind us what a sinister place America is, or can be, at times.

Still in the United States, Louise Erdrich's *Tracks* is the third of her four related novels about the plight of the American Indian in the early years of this century.

The action takes place over a dozen years from 1912 and is narrated by two different speakers – Nanapush, the old, irascible male who remembers the last buffalo hunt and speaks for the past; and Pauline, the gossipy young Chippewa woman (the author is herself part-Chippewa) who works in a butcher's shop and seems to stir up trouble wherever she goes.

Land is at the heart of the story, land sold to the whites, the Indians' ancient birthright signed away with thumbprints and crosses for a few dollars' worth of booze. It's an old story, perhaps, but told very well by Erdrich. She has a wonderfully clear prose style and a feel for Indian myths and legends which, although not quite as powerful as Longfellow's, puts one in mind of him.

The Dark Clarinet, by Richard Thornley, charts the course of a young lawyer's obsession with a *femme fatale*, an elusive woman whose husband is in prison for killing her lover and who wants him out.

The story works well as a whodunnit, with a nice twist at the end, but is best of all as a study of febrile eroticism. The author sets great store by the rustle of silk, the shape of a neck, the light touch of a woman's fingertips, and succeeds in communicating his enthusiasm to others.

Nicholas Best

The Trust that's too free with its name

Antony Thorncroft on Sadler's Wells' dilemma

IT HAS been another good year for Sadler's Wells. The Trust, which runs the Islington theatre, should end 1988 £20,000 in the black on a turnover of around £2.5m, some achievement for an arts organisation that receives only 6 per cent of its revenue from public subsidy. Why then is the media surfeited with "the Wells in crisis" stories ?

More than any other major arts venue in the UK Sadler's Wells manages to attract peripheral disasters. This is because it is so free with its name. Sadler's Wells Royal Ballet is really nothing to do with it, except that it plays a London season there and pays rent for offices (worth £100,000 a year, which will be sorely missed when and if SWRB decamps to new headquarters in Birmingham).

The New Sadler's Wells Opera Company, which has landed the Trust in so much turmoil this month, is also completely separate from the Trust but it, too, performs seasons at the Wells. The Sadler's Wells Theatre Company, recently formed to fill the newly opened 200 seater Lilian Baylis Theatre and almost as quickly put on hold, is also a small, ancillary, organisation, irrelevant to the main business of Sadler's Wells. This main business is to act as the London home for medium sized touring dance companies, like Northern Ballet, Michael Clark, and the Ballet Rambert, which, with many others, both home based and from overseas, contribute around 70 per cent of the annual menu. Indeed the Trust's over committment to the Opera Company sprung from its desire to broaden its repertoire away from dance.

The turmoil over the New Sadler's Wells Opera has cost the Wells at least £150,000. The Company was started by the Trust in 1981 to present operetta but last year it went independent, with the belief that more autonomy would attract sponsors. Unfortunately, its programme for this season, *La Belle Helene* and *The Gondoliers*, got a critical mauling which ensured a disastrous box office, and the subsequent regional tour added to a loss which has grown to £500,000.

A gathering of creditors this week was partly assuaged by the spectre of a White Knight but the anonymous businessman who might make good the debts is currently looking at the books before he decides whether to bail out the Company. Sadler's Wells Trust put up £50,000, now lost, to keep the tour going to retain pubic confidence in the Wells name, and it is also sustaining a potential £45,000 loss on a New York season next month which has to go ahead to avoid a crippling legal case, and to maintain Sadler's Wells reputation in the US. In addition the Trust is a creditor of the Company,


Director Stephen Remington

whose survival depends on the business sponsor and whether the Arts Council believes there is a need for a touring operetta company.

The other disaster facing the Wells revolves around the Lilian Baylis Theatre, which opened in October. This is half funded by public bodies, such as Islington, which pay for its educational and community work. But the commercial productions of the newly formed Sadler's Wells Theatre Company only got off the ground on the promise of a £50,000 donation from the American businessman, Robert Klein, who also gave £150,000 as an interest free loan.

Mr Klein was acting both as a sponsor and as a co-producer and one of his priviliges was to choose a director for one production. He nominated a friend, Sharon Gans, to produce *The Madwoman of Chaillot*". In the event her approach, based on an analytical dissection of the work which delayed the actors actually getting on with their job to perilously close to the end of the four week rehearsal period, led to cast unrest, the departure of Ms Gans – and of Mr Klein's money. This has given the Sadler's Wells Theatre Company an immediate £150,000 deficit and forced it to abandon any production plans beyond March.

So the director of the Sadlers Wells Trust, Mr Stephen Remington, is facing an unexpected deficit of £300,000. Fortunately there is the Sadler's Wells Appeal Fund, with £200,000 in the kitty. "This was to provide against a rainy day. We've drawn on it during some damp periods but now we are wrestling with a monsoon," says Remington. With this money, and an understanding bank manager, impressed by the property freeholds owned by the Trust, the immediate crisis can be surmounted.

But at the cost of losing the safety net of the Appeal, and a curbing of expansion projects. "Our business plan over the next three years must be to trade our way out of our difficulties and to look to sponsors to rebuild capital resources," says Remington. A casualty will be the proposals to improve the stage, widening it so that the Wells can appeal more to larger dance companies. This was a £1m investment, which will be postponed. Instead the Trust will concentrate on a larger, but long-term, drive to raise £5m for a comprehensive re-development.

It is ironic that Sadler's Wells, which gets by on its skill in driving good box office deals, should get caught out when it attempts anything more ambitious. In recent years it has overcome its underlying financial problems, caused by lack of public funding, by improving relations with the Arts Council and Islington Council. Recent improvements in catering have ensured that, along with box office, merchandising, rentals, etc. its generated income covers 70 per cent of its costs, while sponsors contribute a further 24 per cent. Now those sponsors will be called upon to dig deeper to help an institution which has become embroiled in a small financial embarassment.


Sadler's Wells Royal Ballet has begun its by now traditional Christmas visit to its home theatre with the suitably seasonable "Snow Queen."

Pru joins the big boys

Antony Thorncroft on corporate sponsorship

WITH one mighty leap the Prudential has joined the big boys among the nation's corporate sponsors of the arts. A month ago it committed £100,000 a year for the next three years to the Arts Council's scheme to get the London orchestras touring the country, and this week it announced the biggest arts prize in the UK, £100,000, for the most enterprising arts organisation of the year, out of total prize money of £200,000, also with a three year commitment.

The cost to the Pru will be at least double the £300,000 in hard cash going to the arts. Administration expenses and publicity will be extensive, although in this case the partying will not be too excessive. (It is a growing complaint by arts bodies that an ever higher proportion of a sponsor's investment is eaten up in entertainment and overheads while the actual aid fails to grow in proportion).

The Prudential is backing the arts as part of its multi million pound campaign to brush up its image and to project a more streamlined organisation. It also sees an identification between lovers of the arts and potential customers. It is more concerned with marketing, plus charitable patronage, rather than with entertainment opportunities.

It is now among the top dozen corporate sponsors of the arts. The leaders, all spending around £1m a year, are three banks – Nat West, Lloyds, and Barclays, plus two oil companies, Shell and BP. The Nat West is a big supporter of opera: it sponsored the new *Rigoletto* at Covent Garden, which would not leave change from £200,000, plus many small scattered donations. Lloyds is recovering from its £500,000 investment in the *Age of Chivalry* at the Royal Academy but has come up with six figure support for young actors with performances at the National Theatre as a reward, while Barclay's is big in ballet, supporting the Royal Ballet overseas and London City Ballet with £150,000 in the UK.

BP is another company which believes in spreading its largesse around, although bringing the best French pictures in the Soviet Union to the National Gallery this year cost it £300,000, and Shell is the biggest sponsor of a single client in the UK through its £1m a year, for three years, deal with BAFTA, the creative home of the British film industry.

The next group, spending £500,000 plus, includes IBM, generous at the local level; the Royal Bank of Scotland, which also favours the blanket approach; and probably Marks & Spencers, which has such a low profile in supporting the arts (just one part of a large charitable budget) that it is often over-looked.

Also in this band are two big supporters of individual arts companies, Royal Insurance, with its three year £1m plus commitment to the Royal Shakespeare Company, and British and Commonwealth, which has put roughly the same amount of money behind the South Bank. Digital, the computer company, concentrated all its aid into dance, in particular activities at Sadler's Wells, but it has recently diversified into helping theatre, supplying the National Theatre with a computerised box office.

On an altogether different plane are the Far Eastern companies, mainly Japanese, which have given vast sums to museums – the British Museum, the Tate and the V&A, the most recent being the £1.25m, from the Hong Kong businessman, Mr T.T.Tsui, for a new Chinese gallery at the V&A. It is being designed by Fitch-RS, the first time a design consultancy has undertaken such an assignment.

It is hard to get precise figures on arts sponsorship, partly because of the large amorphous sums which disappear into entertaining and promotion, partly because companies are still worried about the reaction of shareholders to an act as nebulous as supporting the arts. But companies that have got involved are happy with the relationships and the arrival of the Prudential suggests that there is still plenty of potential, both for business and for arts organisations.

Milkwood new and old

Under Milk Wood. EMI. LP: SCXD6715; Cassette: TCSCX6715; CD: CDSCX6715.

THERE IS such a thing as aural overkill. The first recording for 34 years of *Under Milk Wood* almost swamps the listener with oystercatchers, redshanks, herring gulls, footsteps on cobbles, church bells, cows lowing, chickens clucking. Every i is dotted, sonically speaking, every t crossed. We hear the slosh as PC Attila Rees sleepily relieves himself into his helmet at the dead of night, the gulp of Mrs Pugh's digestive pill going down, the whirring reel of Nogood Boyo's fishing line as he catches a corset. Only the shells ringing out and cockles bubbling in the sand seem to have baffled the producer and sound engineers.

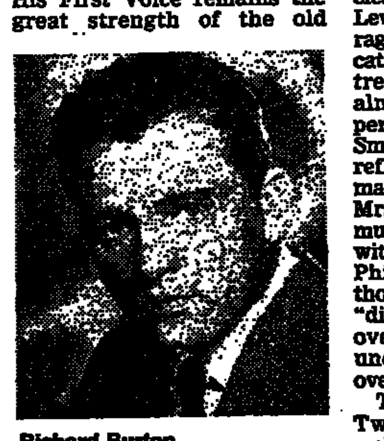
But to begin at the beginning. The old recording based on Douglas Cleverdon's BBC radio production (latterly on two Argo cassettes, SAY 13) is officially unavailable; besides which a new generation of actors and technical advances made the prospect of another visit to Llareggub irresistible. Producer George Martin (of Beatles fame) has assembled a cast of Welsh actors – well, Welsh anything, it transpires – and, most important of all, interpolated music. And more music.

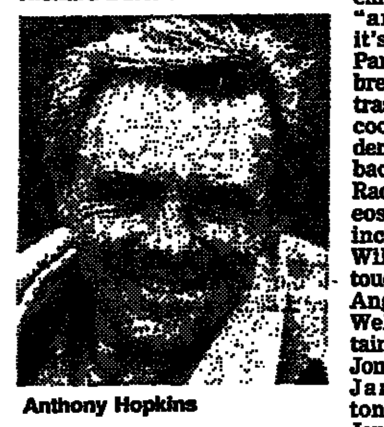
Herein lies the great contrast between old and new versions. A mini-overture sets the scene in what Polonius would doubtless call lyrical-pastoral-cinematical vein. Captain Cat's communion with the drowned is beset by orchestral tootles whose provenance seems closer to Smetana's Vltava than the Taf. His final dialogue with dead Rosie Probert is a duet, with Mary Hopkin's sung "What seas did you sail?" answered by a throaty Freddie Jones' over-emotional throb spoken above surging strings. The effect is totally unmoving and lacks the haunting quality of the unrivalled Hugh Griffith and Rachel Thomas on Argo.

The new musical emphasis leads to the new recording's one glaring miscalculation. Bonnie Tyler's Polly Garter is spoken woodenly and sung with a voice hoarse and cracked in the service of rock. Her song, set by Elton John, no less, is squeezed out in a mid-Atlantic accent over a slow rock backing. From this you will gather whether this is your dish of *cawl* or not.

Tom Jones is an even odder choice for the 17-stone reprobate Mr Waldo. He speaks his few lines no more than adequately but has a rollicking song about sweeping chimleys (sic), in which he sounds unmistakably like Tom Jones, by now no more Welsh than Dick Van Dyke sounded cockney in *Mary Poppins*. In a different field, Sir Geraint Evans is made to *sing* the Rev. Eli Jenkins evening prayer ("We are not wholly bad or good/ Who live our lives under Milk Wood") to a hymn-like tune, complete with strings, harp and chorus. The charm and humour are dissipated; and the burst of birdsong over the final choral "mmm" touches a level of vulgarity I would like to think was deliberate satire.

But for many *Under Milk Wood* means Richard Burton. His First Voice remains the great strength of the old


Richard Burton


Anthony Hopkins

recording. At first Anthony Hopkins seems set to rival him; but the tone has a strained quality, the long lyrical effusion-lists are sometimes laboured, and the result is self-conscious. He lacks Burton's gift of amused comment – the irony of his introduction to Mrs Ogmore-Pritchard, for example. Burton still has the gift of combining relish and reality, taking to the clotted-cream language with natural spontaneity (never mind the odd fluff or the sound of pages turning). For his modern equal we must listen to Jonathan Pryce as the Second Voice, effortlessly authoritative, understated, riveting and cajoling, without any actorishness but completely committed.

Much imitated but at bottom inimitable, *Milk Wood* throws up constant surprises, nuggets one had forgotten. What at first glance seem to be a gallery of grotesques from Ben Jonson ("There's a nasty lot live here when you come to think of it") can be suffused by tenderness with all the illogicality and inconsequentiality of life; like angry farmer Utah Watkins shouting with rage at his animals who reply – the deaf, smiling dog, the gently neighing horse, the cow that kisses him – with love. Or Bessie Bighead, the ungainly foundling, touchingly done in both versions.

If the older recording scores with its concentrated, compact poetic values and its subtle ironies, the new version has its high comedy. Harry Secombe is spot-on for Butcher Beynon, chuckling madly as he sets off after the corgis with his cleaver and his wife (Harriet Lewis) shrieks in delighted outrage at the thought of eating cat and otter. Their domestic treasure is Ruth Madoc, an almost overpowering comic personality who turns Lily Smalls' conversation with her reflexion into a Royal Command Variety turn. Acidulous Mrs Pugh and her mouldy murderous husband are done with deadly accuracy by Siân Phillips and Bernard Lloyd, though the echo given to their "dining-vault" as they linger over their grey cottage pie underlines the new version's over-literal approach.

The sultry Mrs Dai Bread Two, that gipsy siren, embodies the worst of the new "anything-goes-so-long-as-it's-Welsh" attitude. Molly Parkin makes her a giggling, breathless old bag, a sad contrast to her predecessor whose cool, straightforward confidence in her sexuality sent me back to check the cast list: Rachel Roberts. Incisive cameos from the Martin stable include Rhoda Lewis (Mrs Willy Nilly) and a gently touching Myfanwy Price from Angharad Rees. The roll of Welsh thespian honour contains Victor Spinetti, Gemma Jones, Windsor Davies, Emrys James, Glyn Houston . . . Even young Aled Jones. And the urbane English tones of Alan Bennett reading the guide book entry on Llareggub come perilously close to over-egging the production pudding.

In sum, then, if it's the poetry you want, with Richard Burton's narrator still taking heartfelt wing, look out for the old recording or lobby Argo (Decca) for its reissue. Its Captain Cat and Polly Garter are infinitely preferable to the over-the-top Freddie Jones' breathy quavering and the charmless rasp of Bonnie Tyler. For stereo effects and vivid cameos the new arrival has the edge – as it does, unexpectedly, in the children's game, mainly spoken as opposed to Argo's through-sung recitative and arioso which sound strained and precious. Both sets share Rachel Thomas as the octogenarian Mary Ann Sailors. In 1954 she played younger parts as well and put on an old voice. Here she sounds just right, thanking heaven for the spring day and movingly averring – in context who can blame her? – that this is her promised land. Milk Wood, Donkey Down, Coosegog Lane – they draw you back constantly, whichever route you take.

Martin Hoyle

A theatrical sybarite

Michael Coveney on a new biography of Charles B Cochran and other recent theatre books

OF ALL the great British theatre impresarios of this century – Henry Sherek, Binkie Beaumont, Bronson Albery, Peter Daubeny, Michael Codron – Charles B Cochran was probably the greatest. His extraordinary story is now told in full for the first time in Cochran by James Harding (Methuen, £14.95).

Cochran died in macabre circumstances in 1951, fatally scalded in his bath, where he lay screaming and arthritically immobile while a maid noisily Hoovered elsewhere in the apartment. He went out as noisily and dramatically as he came in.

Having tried his luck in America, and served as secretary to the barnstorming actor, Richard Mansfield, Cochran launched into the presentation of rodeos, boxing matches, dancers and plays with riotous gusto and unimaginable daring. His first ever play was Ibsen's John Gabriel Borkman in 1897, hardly a guaranteed money-spinner.

But he trusted his taste, even though this led him twice into the bankruptcy courts. He rallied by twice producing voluminous memoirs (now out of print but heavily raided by Harding) and his backers always returned for the excitement of the association. Cochran truly was the English Diaghilev. He became fast friends with his Russian counterpart, with whom he shared a healthy appetite for the best food and drink. The best producers are always creative sybarites.

Unlike Diaghilev, he was almost pathologically devoted to young women. Cochran's Young Ladies became a byword for the best in revue, but as his sad wife, Evelyn, declined into bouts of alcoholism and consoling lesbianism, so Cochran stepped up his manic and occasionally kinky pursuit of sexual gratification.

No biography worthy of the name omits such details these days, alas. Harding's scrupulous and entertaining volume is otherwise exemplary in its emphasis on achievement, on Cochran's promotion of Evelyn Laye, Alice Delysia and Jessie Matthews (his discovery of Anna Neagle I count a mixed blessing), his enthusiasm for Tilly Losch and Sarah Bernhardt, his complete lack of inter-disciplinary snobbery. The man was a whirlwind, and we live still with his creative legacy.

When W B Yeats, on behalf of the Abbey Theatre, rejected Sean O'Casey's *The Silver Tassie*, it was Cochran who presented the play in London with famous designs by Augustus John.

The evolutionary rows and rivalries of Dublin's great theatre are splendidly documented in The Abbey Theatre: Interviews and Recollections edited by E.H. Mikhail (Macmillan, £29.50).

This is a thorough, professional and impartial account of a great cultural institution, which is a good deal more than you can say of Britain's Royal National Theatre by Tim Goodwin (NT and NHB, £14.95). The insertion of "Royal" onto the NT's notepaper is one of the major disasters of 1988, and Goodwin's smugly self-congratulatory scrap-book is probably just what is required in silver anniversary year.

When Denis Johnston submitted a play to the Abbey, it was returned with the superimposed legend "The Old Lady Says No." Johnston promptly adopted this as his new title, thus implicating Lady Gregory in one of his unjustly neglected best plays. The piece is collected in Landmarks of Irish Drama (Methuen, £5.95), a most illuminating volume.

Other crucial paperback play collections from Methuen this year have been two volumes of Arthur Miller (£3.95 and £4.95) and excellent single-volume tributes to Gorky and Marivaux (both £5.95). Oscar Wilde (Methuen, £2.95) contains all the major and minor dramatic writings, including the Gribsby Scene from the four-act version of *The Importance*.

New play publishers Faber and Methuen have been joined by a new imprint, part of Walker Books. Nick Hern Books. Hern was until recently drama editor at Methuen. First off the rank are Nicholas Wright's Mrs Klein (NHB, £3.95), just transferring from the National to the West End, and Martin Crimp's Suzy Lamplugh variation, Dealing With Clair (NHB, £3.95), in which Tom Courtenay appeared so memorably at the Orange Tree, Richmond, in October.


Cochran sizing up a dress for "Bless The Bride"

Theatrical reference books fly thick and fast as ever, headed this present-giving season by the majestically produced Cambridge Guide to World Theatre edited by Martin Banham (Cambridge University Press, £25). This is easily the best and most scholarly dictionary of essays and entries in some time.

Another admirable work of scholarship is The Concise Oxford Companion to American Theatre by Gerald Bordman (Oxford, £19.50), an absolute must for all theatre students and scholars that out-Hartnolls the model Phyllis in its synopses and documentation.

Less essential but more enjoyably idiosyncratic, perhaps, is the Bloomsbury Theatre Guide by Trevor R Griffiths and Carole Woddis (Bloomsbury, £15.95) which digs at Sondheim for his "minority-interest public" while declaring an obscure feminist playwright's work to have taken on "the lustre of legend." Some mistake here, surely.

This is a City Limits view of world theatre but not without a certain barmy corrective value. It is also pleasant to handle, with lots of good Donald Cooper photographs and a lively marginal column of sign posts and cross-references.

Dictionary of Theatre by David Pickering (Sphere, £7.99) is ideal for the school-age theatre enthusiast, while the backstage gossip and story industry receives a painstaking, not always accurate, but still enjoyable addition in Theatrical Anecdotes (Oxford, £12.95, chosen by Peter Hay.

Radio

Tracking down weighty matters

RADIO FOUR, I once complained, lacks a current affairs programme of the weight of, say, *Panorama*. *Any Questions* may sound important with the right people at the table and the right questions in the audience; *Open Mind*, a kind of *Any Questions* without the questions, has hardly in its first run established itself as compulsive listening. But there is always *File on Four*. The snag is that, as with the programmes I have just cited, you don't know what the subject is to be until the day of the broadcast.

This week's edition (Radio 4, Tuesday) was a very good report from Sri Lanka by David Levy. On Monday, Sri Lanka will have its first election for 11 years. The current rate of political assassination is reported at about 100 a month. In the North there is trouble with the Tamil Tigers, in the south with the JVP (who are Sinhalese nationalists). The Indian Peace Keeping Force (*sic*) has its own rough ways to meet trouble, and one opinion was that "Ceylon is a vassal state of India." A Citizens Volunteer Force is to be raised. "We are teaching them how to make public relations and that kind of thing," we were told, small arms being one kind of thing.

"The Army is only defending, and, when necessary, attacking," said its commander ambiguously. It claims to employ only methods regarded as legitimate in any war. "We are not using poison gas or atom bombs." Getting rid of dead bodies, without any enquiries, is legitimate in these circumstances.

Another afternoon programme that often contains interesting material, even if not of that calibre, is *Woman's Hour*. This is at least well-established, and women and its many other devotees know enough to look out for it. As I was waiting for the repeat of *File on 4* on that channel, I heard all of Wednesday's edition.

Not a dull moment. An interview with Rod Hackney, everyone's favourite architect this year, who had some optimistic views on the future of women in architecture. And with Jane Wells, the Norfolk "music animateur," with her schemes for involving everyone in music. A look at the British doing their Christmas shopping at Dunkirk hypermarket, most of them buying beer (one punter had 18 crates) and wine, but one connoisseur regretting our law against importing vegetables. Advice about "parenting," and tranquillisers. Jenni Murray is the presenter.

There should have been a pleasant programme on Radio 2 later that evening called *Running down the Line*, dealing with the Settle-Carlisle line; but in the middle of it there was a comic number about two trains running into one another. So in its place the preceding item, Jim Lloyd's *Folk on 2*, was sensibly given an extra hour, some attractive Highland music, prettily sung, vigorously played.

Late on Saturdays, Radio 4 tends to put on its broadest comedy. Its latest offering is *Perseus Pin Investigates*, a two-part tale about a French detective – or perhaps Belgian; he clearly stems from Poirot – on a Transatlantic liner full of parody characters. There are the tycoon head of International String, two sinister Russians, the Bishop of Brent (stung to death by trained bees), a thick Inspector from Scotland Yard. At the end of Part One, the string magnate has been killed by lighting a pipeful of gunpowder. His wife is having an affair with the First Officer.

The detective, whose name is Perseus Pin, is played by Charles Kay. The author is Stephen Sheridan, the producer Lissa Evans. I shan't be listening to Part Two, even though each part is repeated on Thursdays.

B.A. Young

ARTS

Seasonal fare round the country

Our critics review Christmas shows and pantos

THE daytime seasonal attraction at the Leicester Haymarket is a musical version of Raymond Briggs's *The Snowman*. His abominable Victorian antecedent, the storm-tossed burgomaster Mathias in *The Bells* by Leopold Lewis, bursts onto the little Haymarket Studio stage with a crazed cry of "It is I, it is I, at last, at last!

From this extraordinary entrance, David Gant leaves you in no doubt that he will follow the Henry Irving trail. Lank-haired, gaunt and spindle-shanked, nothing if not sinister, he reminds you of Coquelin's famous differentiation between his own version of the source play, *Le Juif Polonaise*, and the performance that made Irving's name in 1871: "Irving would have been arrested twice a week; my inn-keeper would never have been detected."

There may be a middle route between Coquelin and Irving, and I think Freddie Jones had it in mind when he essayed the role at Greenwich a decade ago. But the play became much less interesting as a result.

The Leicester revival, directed by David O'Shea and Simon Usher, with a deliciously spooky score by Gavin Bryars played on what sounds like a synthesised harmonium, restores it as a fascinating pre-Freudian study in remorse and, above all, as a great part for any actor, such as Mr Gant, prepared to give it a whirl.

The mental agony of Mathias, in which he hears the tintinnabulation of approaching sleigh bells and is driven to a state of twitching monomania, is prompted by the weather reports. This is the worst winter in the Alsace region for fifteen years, when a travelling Polish Jew was murdered on Christmas Eve. On this anniversary, it is recalled that Mathias's wealth and political status have improved in the intervening period.

The schism between public image and private guilt has rarely been more forcibly expressed, and David Gant adopts all the famous Irving "moments," such as being suddenly stricken by furtive fear as he does up his shoes, or dropping the tongs by the glowing stove. He even repeats the alleged departure from the text in the mad tarantella of the second act finale, exploding as the bells invade his daughter's wedding dance with the curtain line "Ring on, ring on – to hell."

But there is no way an actor can succeed as Mathias by just studying the annotated text. Gant goes at full throttle for his increasingly suspicious son-in-law, before chucking him smilingly under the chin, which Irving did not do. And the great third act nightmare scene Mr Gant makes entirely his own with a masterful display of intense mime and passion as he re-lives the fateful evening under the spell of the mesmerist (Veronica Smart in glinting, jewelled gloves).

This sequence is a total success, unlike the act one vision which diminishes the old Lyceum magical trickery to a brief and indistinct puppet tableau, complete with literally obtrusive stage hands. Otherwise, the show steers an admirable course between chill absurdity and spine-tingling horror, and is thus a doubly rare Christmas treat.

Michael Coveney

DORA Bryan was the first British Dolly Levi at Drury Lane over 20 years ago. The meddlesome matchmaker from Yonkers, New York, who descends the staircase at the Harmonia Gardens Restaurant and is greeted by a bunch of singing waiters, is one of the modern musical theatre's finest characters. Miss Bryan exuberantly relates this Jewish joy-spreader to a gruff, corner-shop Lancastrian vaudeville tradition.

Paul Kerryson's revival for the splendidly renovated Opera House in Manchester is a co-production with the Nottingham Playhouse. It has settled in Manchester until the end of March – courtesy of £250,000 raised through local businessmen and individuals – before embarking on a national tour.

The occasion is serviceable, rather than inspired, with taut, efficient choreography suggesting that uptown and out of town New Yorkers alike took to the streets in the 1890s like so many strutting and bobbing puff-chested pigeons. The style is Michael Kidd out of Bob Fosse. After a while, as the parade comes closer, they start prancing and head-tossing like horses in the dressage ring.

This is fine. What the production, and Miss Bryan's performance, lacks is the crucial interaction of a woman changing her own life by jumping back on the moving train. The 14th Street parade that closes the first half is one she determines not to let pass her by. Michael Stewart's expert book and Jerry Herman's wonderful songs build on this momentous decision in the climactic title number, when Dolly returns to an old haunt ten years after her first husband died.

I would say that Miss Bryan strolls through these developments, not embodies them. The one weak area of the musical remains the courtroom scene, and Miss Bryan's response is to spin out a coarse pantomime eating routine in the Harmonia Gardens.

While the company freezes in the dock (after the obligatory, alas, strobe lighting), she munches her way through a turkey and scoops spilt peas out of her cleavage with a fork. It is a crudely funny routine, but it ruins the rhythm of the second act and has nothing to do with the character of Dolly Levi.

The supporting, or should I say subsidiary, cast includes Norman Rossington as the mean feed-store proprietor Dolly sets in her sights, Bruce Morrison and Jon Clairmonte as his likeable, adventure-seeking assistants, and Kathryn Evans as the widowed milliner who hates hats. The band outstrips the show in being first-rate, as is the musical direction of Stephen Hill.

Michael Coveney

Ben Warriss as The Emperor of China at the Hackney Empire

THE much vaunted return of the traditional East End pantomime puts the party hat on Hackney Empire's attempt to establish itself as rightful heir to London's light entertainment domain. The three generations of East Enders in my row seemed fairly unanimous in their approval of this latter-day *Aladdin*. Grandson, 2½, booed with the best of them, while grandma scoured her programme for clues as to where she had seen the Emperor of China before. It was, said daughter, quite probably at the Hackney Empire nearly half a century ago.

Ben Warriss's return for the first Empire panto in more than 30 years had a tangible poignancy: nearly 80, same partner Jimmy Jewel and not as steady on his pins as he once was, the master of the gormless stare and tongue-in-lower-lip buffoonery commanded the affection pantomime regulars reserve for the very old or young.

Peter Duncan, late of Blue Peter and Duncan Dares, has put together a show that mercifully spares us too much Cockney slanging, paying lip service to the theatre's alternative status by casting himself as principal boy and avoiding ideologically dubious jokes to the extent of having few jokes at all. This is probably a good thing, since the ones that have made it into the script are of a Cliff Richard/Dixon of a Dock Green vintage well past its sell-by date.

But a show which is light on double entendres makes up ground on the coherence of its narrative, the physicality of its humour and the all-round strength of a company which is, if anything, underexploited.

Duncan himself is an attractive performer who combines the audience management skills of Buttons with the romance of the poor boy made good enough to win Erika Hoffman's princess.

Vocally the company is particularly strong, with Brian Hibbard's excellent Abanazer leading an impressive acappella rehash of his Flying Pickets hit *What a Wonderful World*, while it seems a pity that Hope Augustus has only the one solo slot as the magisterial genie. Mr Adams and Mr Dandridge, as Chinese policemen Ping and Pong, have a breathtaking juggling turn with lighted tapers and monocycles. The sartorial excesses of Peter John's laundress Twankey share centre-stage visually with the cutesy costume of the laundrettes (courtesy of the Peggy O'Farrell stage school) in a production which makes no pretence at technoflash effects, relying instead on the old currency of energy and enthusiasm. Trad panto has indeed returned to the Hackney Empire – and it is good to see it back.

Claire Armitstead

THEY don't need stars to play the dame and the principal girl and that lot in the Sheffield Crucible pantomimes. They have a comic called Bobby Knutt, and the rest can look after themselves. In *Mother Goose*, "Knutty" (a Sheffield lad) plays dame Mother Goose's son, Knutty. Russell Dixon is the dame, and Knutty, a mature player with a cropped moustache and horn-rimmed spectacles that he never removes, might be her uncle, but no one minds.

This is for enthralling the children, and most of the show (scripted by him in collaboration with the director, Mike Kay) is written around him. Enough of the basic story is suggested. There is a goose that lays golden eggs; there is a good fairy, and a lady demon (Gillian Hanna) who repeats "I love being evil" and is dutifully booed. Mother Goose's daughter Susan (Gill Waugh) is provided with a handsome young transvestite, Colin (Maggie Carr), to marry at the final curtain, with the rest of the Crucible copulatives.

Colin's uncle, Squire Bungle (Dave Warburton), and his rent collector, Wickly (John Tams), normally decent citizens, are spelled by the demon to make them bully Mother Goose for her rent, try to kill the magic goose Priscilla (Cathy Underwood) and steal her eggs, fire harpoons into the gas-balloon Mother Goose is to ride in when Priscilla flies away. Mother Goose does a mock strip-tease. King Gander runs a happy kingdom, Gooseland, where Knutty and his mother may do a little dance with a balloon.

It is all very well, and Charles Cusick-Smith has provided pretty sets, but what the kids are there for is Bobby Knutt. He gives them words to shout, and they shout them deafeningly. He calls the roll of the birthday boys and girls. He invited three of them – boy, 4; girl, 6; boy, 7 – on to the stage and made them act as clowns, and they loved it. Bertie Bassett, representing the sponsors, came on and threw liquorice allsorts to the audience.

There was not much about art in the evening, not even, I'm afraid, in the singing or the dance routines. I heard no one complain about such a thing as I waited for my taxi afterwards. *They had come to see* Bobby Knutt.

B.A. Young

Muti's full vision of Rossini's 'Tell'

***William Weaver** at the start of La Scala's season*

IN THE 1970s, at the Teatro Comunale in Florence, Riccardo Muti conducted two unforgettable series of performances of Rossini's *Guglielmo Tell*. For many opera-goers – even those who had seen and heard previous productions of the work – the *Tell that Muti* presented was a revelation.

Given absolutely uncut, Rossini's masterpiece proved to be not only a monument of early 19th century musical theatre, but also a gripping drama. Five hours in the theatre did not seem long. In those days, *before* the Rossini Festival in Pesaro made the "serious" Rossini familiar in the world's opera houses, a whole new Rossini seemed to burst forth.

Now, to inaugurate the current season at La Scala, Muti has again chosen *William Tell*, again uncut (and using the new critical edition prepared by Elizabeth Bartlet for the Fondazione Rossini of Pesaro). And once more, opera-lovers attending these performances are unlikely to forget them.

With the orchestra of La Scala in glowing form, Muti – after more than a decade – suggests an even deeper vision of the opera; the drama is still there, but it has taken on still nobler, more heroic dimensions. The familiar Overture, as Muti conducts it, has a profound inner tension, an urgency that is never merely nervous, but rather cosmic. And the sublime extended finale of the work, a surging cathedral of sound, soars under Muti's baton. You wish it could never end.

Muti had a good, if not great cast. In the title role, Giorgio Zancanaro sang with dignity and lyric sweetness: he does not have the stature the role really requires; he did not dominate the stage. Chris Merritt, the Arnoldo, produced the high notes expected of him, and – no doubt under the influence of Muti's taste and musicianship – he restrained his tendency to croon and he also produced a sweeter tone than he does on occasion. But Merritt is no actor. Cheryl Studer, replacing the announced Lella Cuberli, also sang with accuracy and style, though without great participation. The best singing was heard in some of the smaller roles: Amelia Felle, as Jemmy; Luciana d'Intino as Edwige; Giorgio Surjan as Gualtiero. The chorus – of supreme importance in this work – was magnificent.

None of the singers was helped by the staging of Luca Ronconi, much discussed in the local press for his use of filmed Swiss landscapes as scenery. On a series of panels, the audience saw towering Alps, impetuous mountain streams, green valleys, leafy forests. All pretty to look at, but – also because of the unsteady projection – rather like watching home movies. Underneath the panels Ronconi's designer, Gianni Quaranta, created a semicircle of dark wooden choir-stalls, in which the chorus sat, not always comfortably. In the centre of the stage, a trap yawned from time to time and something or someone emerged – the fisherman in act one, Gessler's boat, ridiculously, at the end – or vanished; but there was never a sense of locale, of a community, or of a story, really. As usual, Ronconi was more interested in effects, in gimmicks, than in the characters and their problems. Just one example: in the "muto sail" scene, Arnoldo enters along a kind of footbridge, apparently coming from inside the house; he sings his recitative, turns as if to retrace his steps, then says "No, I can't go inside there" (or words to that effect), ignoring the fact that he's already been there.

What Ronconi's foolishness demonstrated was that in the hands of a great conductor like Muti, *Guglielmo Tell* can triumph, without superstar interpreters and with a pretentious production that actually works against the drama.

Carter in New York

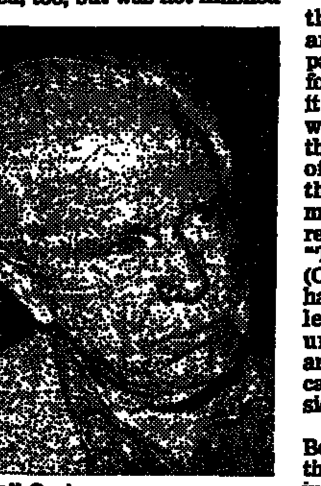
***Andrew Porter** on the composer's 80th birthday*

ELLIOTT Carter's eightieth birthday fell last Sunday with the composer already on his way to London for the British première of the Oboe Concerto (already reviewed in these pages) and its recording, with Boulez conducting. The preceding days had been filled with New York celebrations of various kinds, in the form of performances. New York is not yet into "thematic packaging" on the London pattern: these were a series of individual events, put on independently by various organisations.

In his native city, Carter has been championed by some excellent performers (notably the ensemble Speculum Musicae, the pianists Ursula Oppens and Charles Rosen, the Juilliard Quartet, Pierre Boulez while he was the New York Philharmonic conductor), by a few music critics and by a smallish but perceptive public. But the influential critics of the New York Times – the make-or-break men, it's said, of American musical careers – have for the most part greeted his compositions of the last decades (including *A Mirror on which to dwell*, *Syringa*, *In Sleep, in Thunder*, the Triple duo, the Fourth Quartet) with incomprehension, disparagement, and dislike. It's odd to live here, in this city with only one serious newspaper, and discover in its pages not expectation and excitement but, pretty well, rejection when a new work appears from someone whom the rest of the world has more or less agreed to regard as the greatest living composer.

The New York Chamber Symphony, conducted by Gerard Schwarz, gave the first concert performance of *The Minotaur* – the full ballet, not the suite – which Carter composed 40 years ago, working initially with Balanchine (though in the event the piece was choreographed by John Taras). It's a strangely Stravinskyan piece: energetic, graphic, "visual" in its gestures and patterns. The Times critic wondered whether after it "the composer simply lost his way." (The rest of the world thinks that in the First Quartet he found it.) The Carter went on to record *The Minotaur*, for Nonesuch; no doubt choreographers will soon be taking it up.

Speculum presented a concert with the 1952 Sonata for flute, oboe, cello, and harpsichord, *Mirror*, and *Syringa*, plus brief birthday tributes from Milton Babbitt and Lutoslawski. (One from Boulez was billed, too, but was not finished in time.) Carter composed the Sonata "to stress as much as possible the vast and wonderful array of tone-colors available on the modern instrument" – he had a large Pleyel, with its 36 colours, in mind – but Aleck Karis played a Baroque instrument unable to dominate its modern companions. (This piece, the Falla Concerto, and the Carter Double Concerto should surely ensure the survival of at least few of the now-discredited mid-century dreadnoughts.)



Elliott Carter

In Carnegie Hall, a Sunday-matinee Piano Concerto, with Oppens and the American Composers Orchestra, under Dennis Russell Davies, was followed that evening by the local première of the Oboe Concerto, brought by Holliger and the San Francisco Symphony, under Blomstedt. Oppens wrote recently: "No music that I know is more expressive than this. The counterpoint is not only of tempo and harmony, but of character; the complexity not of notes, but of emotion and its articulation. As with an actor studying Shakespeare, it is through Elliott Carter that I have learned the possibilities of my instrument." And she plays the Concerto in that spirit.

Sure, it's difficult music for the audience. The sheer amount of "information" packed into each measure calls for unremitting attention. Yet it proves wonderfully stirring, wonderfully rewarding. But the Times critic – and he one of fairest, most careful, thoughtful, and responsive members of the Times team – rejected the work. He wrote: "The cognoscenti who extol [Carter's] genius ask us to try harder so that we, too, may leave the ranks of the unwashed and join the anointed . . . Is this integrity carried to its natural conclusion, or simply arrogance?"

The Philharmonic, which in Bernstein's day commissioned the Concerto for Orchestra and in Boulez's the Symphony of Three Orchestras, gave – under Mehta – four performances of the Variations for Orchestra (1955). The one I heard was clearly and powerfully shaped.

These are strange times. Undemanding music – minimalist or neo-Romantic – is being boldly championed by composers, conductors, and critics. Back in 1949, in his Juilliard lectures, Roger Sessions wrote: "The slogan, sometimes couched in more refined and even quasi-intellectual terms, is 'Give the public what it wants'." I'd rather be challenged and engaged by difficult music that does not reveal all its content at a first hearing but – as Carter's (and Sessions') music does – proves increasingly rewarding.

Mozart: Le nozze di Figaro. Salomaa, Bonney, Hagegard, Auger, Nafé, Drottningholm Court Theatre Orchestra and Chorus/Ostman. L'Oiseau-Lyre 421 333-2 (three CDs)

Mozart: Le nozze di Figaro. Desderi, Rolandi, Stilwell, Lott, Esham, Glyndebourne Chorus, London Philharmonic/Haitink. EMI 7497532 (three CDs)

Records

A brace of Figaros

IT IS four years now since the appearance of the first L'Oiseau-Lyre opera recording based upon a production at the Drottningholm Court Theatre in Stockholm. That *Così fan tutte* polarised opinion, not so much because of its insistence upon period instruments and performing practices, but because of the tempi which Arnold Ostman imposed in the name of authenticity upon the score. Many of them were unprecedentedly fast, and varyingly effective. In some places Ostman's approach undoubtedly tightened dramatic transitions, making sense of metre-changes that a traditional approach handled awkwardly, and enabled his singers to phrase more naturally. But elsewhere the music simply moved too fast and the vocal line suffered in consequence.

The new Drottningholm *Figaro* is unlikely to seem so contentious. While one recognises the same elements in Ostman's conducting – the small-scale orchestral sound and lean textures, and the conscious avoidance of expressive point-making for its own sake – there are few points at which it flies flagrantly in the face of convention. Indeed, comparing Ostman's timings for crucial arias with those in the Haitink recording discussed below yields no clinching evidence either way; Ostman often sounds more fleet because of the size of his forces and their cleaner articulation, but some passages he takes faster than Haitink, some slower, and many at much the same rate.

Though the set has been packaged by Decca as a Drottningholm performance, it's worth emphasising that the opera is by no means presented as it would be in the theatre there. The recording was made elsewhere in Stockholm, and the principals are not a cast that has ever appeared in the Drottningholm production. As in the earlier *Così* the record company has elected to graft on to the basic elements of a performance conceived and refined for the stage a more conventionally "international" cast rather than use the light-toned, predominantly young Scandinavian singers who are so much a part of Ostman's conception. Much of the élan of Drottningholm productions arises *from the close-knitting* and inter-dependency of these singers, who are scrupulously prepared and work very much as a team; the major disappointments of this *Figaro* are its theatrical detachment and lack of dramatic integration. Sound effects, clatters and scrapes, have been injected to simulate stage business, but despite the plentiful good things, especially Ostman's perennially searching and incisive conducting, the whole set refuses to gel and never yields the unqualified delight it often promises.

Vocally it is mixed, and some of the beefier voices sound misplaced. Hakan Hagegard has Drottningholm stage experience (he has sung Don Giovanni there) but his blustery, heavyweight Count seems overdone and while both Arleen Auger's Countess and Barbara Bonney's Susanna are elegantly sung and exquisitely ornamented, the characters are pale impressionist washes rather than strongly coloured recreations. Bonney's exchanges with Alicia Nafé's tiringly pert Cherubino lack wit and the secure sense of timing that greater familiarity with Ostman's treatment would have brought. Petteri Salomaa's youthful Figaro, though, is more interesting, and often closer in sound quality to the kind of voice that the Drottningholm ethic seems to predicate.

In textual terms the *historical fidelity of this set is impeccable*, and no previous recorded version of which I'm aware offers all the alternatives and additions which Mozart composed for later productions. Most notable are the two arias K.577 and K.579 for Susanna, written in 1789 to replace those in Act 2 and 4, as well as emendations to the Count's "Ah, no lasciarti" and the Countess's "Dove sono." In the CD set the seven addenda have been sited at the ends of the appropriate discs, so that with adroit programming they can be *inserted* as required into the running order.

Despite the weaknesses, and the overriding sense that the chance of a vivid "authentic" *Figaro* has been missed, there is much more to enjoy in the Ostman performance than in the Glyndebourne-based Haitink set. Those who experienced Haitink's compelling *Figaro* at Covent Garden last year will find this a deadening experience, in which the scattered sparks of vitality consistently fail to ignite the whole, while after the effortless emphases of the Drottningholm orchestra the LPO's thicker sound seems thoroughly unwieldy and out of place.

There are compensations, largely Claudio Desderi's well-balanced, elegant Figaro, and Felicity Lott's creamily affecting Countess. Richard Stilwell is a neutral Count never overplaying his hand, but Faith Esham's Cherubino and Gianna Rolandi's Susanna are pushed too hard, the former to unevenness, the latter to squally indifference. With this *Figaro* Haitink completes his Glyndebourne trilogy of the Da Ponte operas, and *it is easy to* notice but much harder to explain the declining intensity through the series – what began with a searing, demonic *Don Giovanni* has ended with a respectful but spiritless *Figaro*.

Andrew Clements

Chess No. 752: 1 B-R1, P-Q5; 2 B-QR1, P-Q6; 3 R-QR3, PxR ch; 4 K-R1, P-R7; 5 B-B3, KxR; 6 B-N2 mate.

SPORT

Millwall comes back from the brink

Philip Coggan on the renaissance of a club which used to be known better for hooligans than football

MILLWALL v. Luton was not the tie that attracted attention initially when the draw for the third round of the FA Cup was announced, but it is a clash with many bitter memories for football lovers.

In 1985, the same tie was marred by a riot by Millwall supporters, during which Luton's pitch was invaded and seats were torn out of the stands and thrown at the police. Luton reacted by introducing a ban on away supporters the following season.

The and the apparent success of its membership scheme has played a large part in persuading the Government to adopt a national identity card system. But it was Millwall's response to that riot that could, in the long term, provide a better guide for those who wish to solve the problem of football hooliganism.

In a remarkable new book,* Chris Lightbown outlines how Millwall has attempted to bring itself closer to its community.

The community project was not simply a response to the hooliganism problem. In June 1986 the club was close to bankruptcy and, given its reputation, there were many who had little desire for it to be saved. And yet, Millwall today is playing in the First Division for the first time in its history (and, indeed, topped the table briefly earlier in the season).

Many of the measures adopted by Millwall do not on the surface seem to bear any relation to the problem of soccer violence. For example, over-50s are invited into the executive lounge to play bowls, bingo and have a meal. Members of the over-50s' club receive complimentary tickets to home games. And Millwall has taken its women's football club, the Lionesses, to heart, encouraging girls to play from as early as seven years old.

No-one is suggesting that either the over-50s or the under-eights provide a serious hooliganism problem, but that is not the point. The idea behind the whole scheme is that a football club can, and perhaps should, be a focal point for a community.

After all, it occupies a substantial amount of space and is used for its primary function only once a week for around nine months of the year. Prominent in urging this local involvement is the club's local authority sponsor, the Lewisham council.

The challenge is to channel strong local pride in positive rather than negative directions. One revealing picture in the book shows a pavement stall selling a T-shirt with the prominent logo: "No one likes us, we don't care."

This almost tribal insularity was encouraged by newspaper headlines in which Millwall supporters were cast as in some way uniquely delinquent. Hence the community scheme. In essence, it is *inclusive*; the national football identity scheme is *exclusive*.

There are many more things which Millwall has done (some of which, of course, have been adopted by other clubs). It operates a creche where families can deposit small children for the duration of the game. Players visit local schools and talk to the children about issues such as racism, violence and a footballer's career.

The involvement with schools goes further: the club operate a work-experience scheme for comprehensive pupils and staff give weekly coaching sessions to local handicapped children. Also, it runs soccer schools for local children which may, in the long term, provide a playing, as well as a community, benefit.

Millwall has long been known for its success in bringing on young players; when it achieved promotion last season, 22 of its squad of 24 came from London and the south-east.

Then there is the Junior Lions, a club open to all aged under 16, and there is a family stand for members and their relatives. A quote from one member gives pause for thought. "Before I joined the Junior Lions, I thought people who supported other clubs were nothing. I thought someone who didn't support Millwall could not be a real supporter.

"But when you meet kids from other clubs and get to know them, you see that they are the same as you. When you've played against them, you realise winning is not the only thing that matters."

This kind of scheme is not likely to solve the problem of hooliganism overnight. It is not the sort of instant solution beloved by politicians. Indeed, it could be undermined by just one afternoon of mindless violence, or by just one determined bunch of thugs.

However, it takes much longer to construct a building than it does to demolish it. The people who rescued Millwall from bankruptcy had little hope of ever seeing their money again. Perhaps by definition they were optimists.

Reg Burr, the chairman, is quoted as saying: "I believe that if you treat people like human beings, you have a fair chance that they will respond in a responsible manner. If you treat people like animals, you have no hope of them behaving in any other way.

"You are lucky if you reap what you sow, but if you don't sow anything you are not going to reap anything."

In case it seems that the club is run entirely by woolly, quiche-eating liberals, Millwall has, as a consultant, John Stalker, the former deputy Chief Constable of Greater Manchester who is known best for his role in the Northern Ireland "shoot to kill" controversy. He says that identity cards are no solution to the problem of violence; in fact, he believes they are a positively dangerous idea.

The Millwall team is probably not good enough to win the championship this year and the modern laws of football economics may mean it never will. It is hard for a side to succeed in the league without playing strength in depth, and that takes a large amount of money. But a cup competition might not be beyond the grasp of a club with strikers of the quality of Sheringham and Cascarino.

Millwall's struggle against adversity – illustrated successfully in this book, where the author allows those involved to speak for themselves – deserves some tangible reward. Amid all the pessimism that surrounds soccer, Millwall's community scheme offers a flicker of hope.

**Millwall in the Community (Millwall FC, £5).*

These days, once-reviled Millwall fans are more likely to be helping old ladies locally than fighting opposition supporters

Gentlemen, players and filthy lucre

Michael Thompson-Noel discusses money in sport and its ramifications for amateurs

I WAS AT a Christmas lunch recently: a rousing affair in London's Park Lane at which I met a bright-eyed person who said she was a former England female cricket international, if you can imagine such a thing, and had played hockey and squash at an exotic level.

As the pudding came round, she toyed with my patience by claiming that amateur sport was superior to professional sport. "The pro stuff," she claimed, "always comes down to money, which is not what sport is for. In professional sport, attitudes change: winning is everything. When I played sport, I played it for the right reasons."

I nearly had a heart attack – then demolished her elegantly. It transpired that, at the peak of her career, she had received free playing shoes but had been forced to paint out the brand name so as not to break the rules. "Come off it," I told her. "You were a shamateur. Don't be so prissy."

If there is one subject that makes my brain freeze, it is the distinction between sporting amateurs and professionals – not because it does not exist but because it is a topic of numbing triviality.

As it happens, the question of money in sport, and the way sport is conducted and is developing, has just been reviewed by the Central Council of Physical Recreation (CCPR) in a report, *Amateur Status and Participation in Sport*, which is perceptive and on the ball.

It was produced by a committee headed by Charles Palmer, until recently chairman of the British Olympic Association, who says that as the investigation proceeded it became clear that the "traditional labels of amateur and professional were anachronistic in most sports. They may in all probability have held back the proper development of much of the sport in this country. Present-day concentration is on eligibility (to compete), not amateurism.

Confusion still exists, though. As the report says: "Millionaire amateur athletes exist and flourish in increasing numbers. The British, who invented amateurism, are now almost completely confused by the many and various ways in which this concept is interpreted. They read about the amateur, the shamateur and the state amateur and many 'variations.'" At the same time, says the committee, during 1988 sport has presented possibly its worst face. "Money *seems* to be corrupting many forms of long-established and distinguished sporting disciplines."

Of course the amateur still exists, and jolly good luck to him. The committee argues that it is better to take part as an amateur or a duffer than merely spectate, and adds that "perhaps it is the *Financial Times* in a September 1988 leader which has given the correct modern-day definition of amateur sport; that is, 'sport played as a spare-time relaxation'."

Carl Lewis: shared $500,000 for racing Ben Johnson

But enough of all that, for what is most interesting about this report is its close-focus snapshot of the way professional sport is evolving as a branch of showbiz and of how the power structures within sport are coping with modern commercial life.

There has *always* been money in sport, although not in all sports and not all the time. The winners of events at the first Olympic Games were provided with pensions for life – which is not so different, says the committee, from the offer by South Korea of life pensions of £490 a week for any of its athletes achieving gold medals at the 1988 Olympics. According to reports, France offered to pay *its* gold medallists £20,000, Malaysia offered £17,750, Russia £11,400 and China £2,350.

In 1809, more than 10,000 people flocked to Newmarket to see Capt Barclay Allardice walk more than 1,000 miles in 1,000 hours, as a result of which he pocketed £16,000 – thought to have been the largest amount, at current values, earned by an athlete in a single race until July 1988 when Carl Lewis and Ben Johnson shared $500,000 for running 100 metres in Zurich.

And so it goes on. But how is sport coping with what many still view as the corroding influence of money on sport? The answer is that with big-time money flowing into world and British sport, many governing bodies are faced with a period of turmoil and evolution, and in many cases are coping quite well. As the CCPR says, governing bodies of traditionally amateur sports have in recent years developed ways of safeguarding the eligibility of competitors while maintaining their control of the sport in question.

The most obvious method is trust funds. The second is sponsorship where the sponsor, competitor and governing body are involved in a three-way deal. At present, 11 UK governing bodies operate trust funds for competitors. Three more are interested. The CCPR says that all governing bodies need to be alert to the activities of "some financially motivated individuals and some commercial companies who, through financial pressure, may bring undue influence to bear upon the governing body and take control away from the sport itself."

The committee also looked at sports scholarships, noting that there are 47 universities in the UK but that the British university sports scholarship system operates at four only, offering annually a total of 11 scholarships and 34 bursaries financed in the main by private sponsors. In the US, it is all vastly different. The National Collegiate Athletic Association has 547 colleges offering soccer scholarships alone, 577 offering golf and 589 offering tennis. These numbers do not include the Ivy League or the many community state schools.

The committee recommends that when submitting their degree and diploma courses for validation, universities, polytechnics and colleges of higher education should make available extended study time for students wishing to develop their sporting prowess to a high level. Whether this idea is adopted remains to be seen. Likewise with the recommendation that the Government revise the Social Security Act of 1986 to permit unemployed sportspeople to continue to receive supplementary benefit when training or competing abroad. There are exceptions to the present rules, but they did not stop Olympic hurdler and former British 400 metres record-holder Max Robertson losing his unemployment and housing benefits.

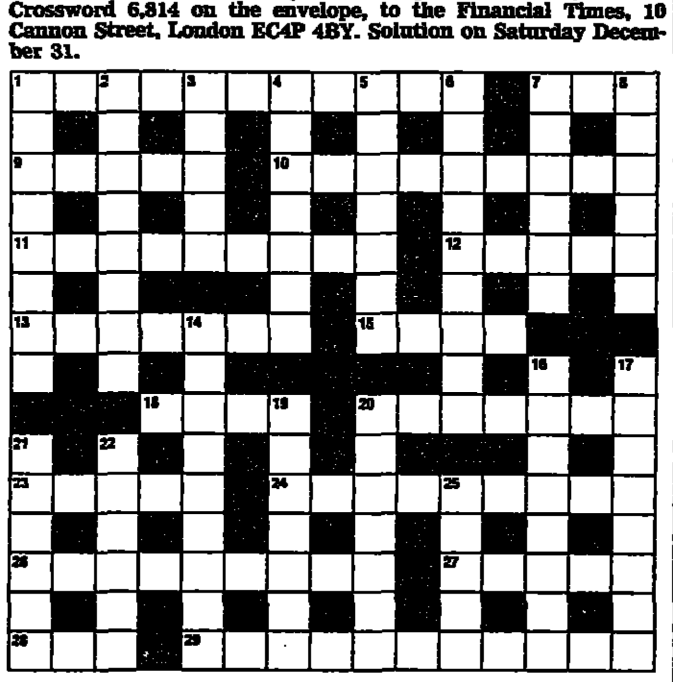
What the termagant in Park Lane would have made of all this is something I cannot contemplate.

□ *The report is available from the CCPR, Francis House, Francis St, London SW1P 1DE, at £15 inc. postage.*

CROSSWORD

No. 6,814 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday December 28, marked Crossword 6,814 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday December 31.



ACROSS

1 Sun with rays arranged to check our theme (5,6)
7 Earth's master in custody (3)
9 Plutocrat gives Pole a shilling (5)
10 Clearly not a moving picture (5,4)
11 Moon – give information on it in prepared envelope – maybe ..... (9)
12 ...... Saturn's, as Saturn was – it's in sunburn (5)
13 I am child to a reactionary, one with no sense of smell (7)
15 Military vehicle container (4)
18 Uranus on English isle (4)
20 Venus's two horse-drawn vehicles (3-4)
23 Mars, born to plenty (5)
24 One play is shown in the Pacific (9)
26 Flag on very small stream, we hear, belonging to us (9)
27 Planets' composer has a large number, about 50 (5)
28 Sun almost alone (3)
29 Mercury may be in the Marines (remote possibility) (11)

DOWN

1 Cleaner is in tears and so a perfect nuisance (8)
2 Drink offering takes queen from freedom (8)
3 Riser, second in revolver (5)
4 You meet Hindu goddess at Jewish school (7)
5 Neptune's missile (7)
6 Readiness to fight for tiny claim, maybe (9)
7 Sequel to the last across clue (6)
8 Chaperon expected before girl turned up (6)
14 Reaches harbour to mock (4,5)
16 Watch strap? Let's turn into court order (8)
17 Southern dish to spray with mud (8)
19 Go off to walk in river? (7)
20 Pivot almost complete with almost some bread (7)
21 Flier, in rising sea, stops (6)
22 Jupiter's in cheery form (6)
25 Prophet's part in a humble way (5)

Solution to Puzzle No.6,813

S	C	H	O	O	N	E	R		P	A	C	K	E	T
L		I		D		I				M		A		R
A	L	T	H	O	U	G	H		B	E	R	T	H	A
V		H		U		H				T		M		W
E	X	E	C	R	A	T	E		T	H	R	A	L	L
R		R		S		E		C		Y		N		E
					R	E	C	O	N	S	I	D	E	R
F		S		B		N		R		T		U		S
L	I	T	E	R	A	T	U	R	E					
A		R		A		H		U		G		R		T
G	L	A	N	C	E		E	P	H	E	M	E	R	A
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H	A	N	D	L	E		D	I	L	I	G	E	N	T
I		E		E				O		N		E		A
P	I	R	A	T	E		I	N	D	I	A	M	A	N

Solution to Puzzle No.6,802

C	A	S	T	E	R		O	L	D	T	I	M	E	R
O		K		G				O		R		A		E
B	R	I	D	G	E		C	A	T	A	L	Y	S	T
N		N		E		C		F		D		O		U
U	N	D	E	R	T	H	E		T	E	R	R	O	R
T		I		S		I		P		G				N
S	A	V	E		N	A	T	U	R	A	L	G	A	S
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B	O	O	K	M	A	R	K		T	I	V	O	L	I
L		W		A		E				V		O		N
E	N	D	A	N	G	E	R		S	E	A	D	O	G

Mr G.G. Dobson, Stanwix, Cumbria; Mr J. Hughes, London E17; Dr Sheila Mudge, Penn, Staffs; Mr R. Page, Northampton; Mrs T.N. Stephens, Ascot, Berkshire.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:15 am Saturday Starts Here. 8:20 Corners. 8:40 Chucklevision. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand, including 12:20 Rallycross; 12:50 Racing; 1:05 Rugby League; 1:20 Racing; 1:30 Skiing; 1:55 Racing; 2:05 Rugby League; 2:55 Rallycross; 3:05 Rugby League; 3:50 Football; 3:55 Rallycross; 4:20 Showjumping; 4:45 Final Score. 5:00 News. 5:10 Regional programmes. 5:15 The Flying Doctors. 6:00 The Noel Edmonds Saturday Roadshow.

6:50 Bob's Full House. 7:25 'Allo 'Allo! 7:50 Hearts of Gold. 8:30 Film: "The Poseidon Adventure" (1972) with Gene Hackman. 10:25 News and Sport. 10:40 International Show Jumping. 11:50 Film: "The Mountain Men" (1979) with Charlton Heston. 1:30 am Weather.

BBC2

12:15 pm Samson and Sally (cartoon). 1:15 On The Throne. 1:55 Film: "The Sand Pebbles" (1966) with Steve McQueen, Richard Attenborough and Richard Crenna. 4:45 The Sky at Night. 5:05 Sports Review of the Year. 6:45 Newsview. 7:25 The Explorers: A Century of Development. 8:50 The Film Club. 10:53 Film. "A Bout de Souffle" (1960) with Jean-Paul Belmondo and Jean Seberg. 10:20 Erasure. The Innocents - Live. 11:00 Musicians for Armenia. 12:15 Film: "Gun Crazy" (1950) with John Dall and Peggy Cummins.

LONDON

9:25 am Motormouth. 9:40 She-Ra Princess of Power 11:30 Knight Rider. 12:30 pm Physical Pursuits. 1:00 News. 1:05 Local News and Weather, followed by Saint & Greavsie. 1:35 Wrestling. 2:15 International Athletics. 3:00 International Gymnastics. 4:15 The Snow Spider. 4:45 Results Service.

5:00 News. 5:05 Local News and Weather, followed by Blockbusters. 5:35 How to be Cool. 6:35 Blind Date. 7:20 Beadle's About. 7:50 Murder, She Wrote. 8:45 Edens Lost. 9:45 News. 10:05 Edens Lost (continued). 11:05 Film: "The Thomas Crown Affair" (1968) with Steve McQueen and Faye Dunaway. 1:00 am Night Network.

CHANNEL 4

9:30 am Storybook Classic. 10:00 Moneyspinner. †10:30 Film: "Easy Money" (1947) with Jack Warner. 12:15 pm World of Animation. 12:30 Empress Wu. 1:00 Patterns of Life. †2:00 Film: "Cottage to Let" (1944) with Leslie Banks. †3:45 Film: "The Big Noise" (1944) with Laurel and Hardy.

5:05 Brookside. 6:00 Right to Reply. 6:30 First in the Frame. 7:00 News Summary and weather. 7:05 Hollywood: Clara Bow and John Gilbert. 8:05 Game, Set & Match. 9:05 Allegro: Jean Sibelius. 11:05 Creation: biblical account of how the world began. 11:35 Tennis: Davis Cup Final - Sweden v Germany. 12:35 am The Street. 1:05 Film: "Le Petomane" (1973) with Leonard Rossiter. 1:45 Barney Miller.

S4C WALES

As Channel 4 except:-
9:45 am Years Ahead. 10:30 A Houseful of Plants. 11:00 Moneyspinner. 11:30 Voices of War. 12:00 Orientations. 12:30 pm Film: "One Heavenly Night" (1931) with Evelyn Laye. 2:00 Laugh, I Could Cry. 2:55 Film: "Love Story" (1944) with Margaret Lockwood and Stewart Granger. 6:30 The Divided Kingdom. 7:00 Carreg Ateb. 7:30 Newyddion. 7:40 Y Maes Chwarae. 8:30 Corau Mawr. 9:20 Shenyang Acrobatic Troupe. 9:50 Eleventh Hour Presents: Antarctica.

IBA Regions as London except at the following times:

ANGLIA

11:30 am America's Top 10. 12:00 Easy Street. 12:30 pm Blockbusters. 5:15 Cartoons. 1:00 am The Hit Man and Her. 2:00 Night Network.

BORDER

11:30 am America's Top Ten. 12:00 The Fall Guy. 1:00 am The Hit Man and Her. 2:00 Night Network.

CENTRAL

11:30 am The Bionic Woman. 12:25 pm La Linea. 12:30 Star Fleet. 1:00 am Prisoner: Cell Block H. 1:55 Film: "The Plague of the Zombies" (1965) with Andre Morell, Diane Clare and John Carson.

CHANNEL

11:30 am The Fall Guy. 12:30 pm Ace of Aces. 1:00 am Viewer's Choice: "Garrison's Gorillas." 2:00 Night Network.

GRAMPIAN

11:30 am Beathaichean Neonach. 12:00 The Fall Guy. 12:55 pm Home Cookery Club. 1:00 am The Hit Man and Her. 2:00 Night Network.

GRANADA

11:30 am America's Top 10. 12:00 Transworld Sport. 1:00 am The Hit Man and Her. 2:00 Night Network.

HTV

11:30 America's Top 10. 12:00 The Man from UNCLE. 1:00 am Throb. 1:30 Married...With Children. 2:00 Night Network.

SCOTTISH

11:30 am The Man from UNCLE. 12:30 pm America's Top Ten. 5:05 The Campbells. 1:00 am The Hit Man and Her. 2:00 Night Network.

TSW

11:30 am America's Top Ten. 11:57 Gus Honeybun's Magic Birthdays. 12:00 Follyfoot. 12:30 pm The South West Week. 1:00 am The Hit Man and Her. 2:00 Night Network.

TVS

11:30 am The Fall Guy. 12:30 pm Ace of Aces. 1:00 am Viewers' Choice: "Garrison's Gorillas." 2:00 Night Network.

TYNE TEES

11:30 am America's Top Ten. 12:00 UFO. 1:02 am The Hit Man and Her. 2:00 Night Network.

ULSTER

11:30 am America's Top Ten. 12:00 Highway to Heaven. 1:00 am The Hit Man and Her. 2:00 Night Network.

YORKSHIRE

11:30 am America's Top 10. 12:00 UFO. 1:00 am The Hit Man and Her. 2:00 Night Network

(S) Stereo on FM

RADIO 2

8:05 am David Jacobs. 9:00 Sounds of the 60s with Simon Dee. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Inman and Friends. 1:30 Sport on Two, featuring: Football, Rugby Union, Tennis, Rugby League and Racing from Ascot. 6:00 Sports Report. 6:00 Cinema 2. 6:30 Brain of Sport 1988. 7:00 Beat the Record. 7:30 Winter by the Sea. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Alan Dedicoat presents 'Nightride'. 3:00-4:00 A Little Night Music.

RADIO 3

7:00 am Morning Concert: Boyce (Symphony No 4), Ravel (Pièce en forme d'habanera), Liszt (Les Preludes), Handel (Overture: Samson), Poulenc (2-piano concerto), Nedbal (waltz and polka). 8:15 The Week on 3 with Tony Scotland. 8:30 News. 8:35 BBC Philharmonic Orchestra: Tchaikovsky (Fantasy overture: Romeo and Juliet), Elgar (Enigma Variations). 9:30 Saturday Review with Jeremy Siepmann, including: Building a Library (Berlioz's 'L'Enfance du Christ'; Reviews (recent records of Russian music); Record release, with music by Rachmaninov, Myaskovsky, Prokofiev, Mosolov, Shostakovich and Neilsen.

1:00 pm News. 1:05 Third Ear. 1:30 Pascal Devoyon (piano): Beethoven's 'Pathetique' Sonata and Schumann's 'Carnaval'. 2:25 From the Festivals 1988: Schoenberg's 'Erwartung' and Stravinsky's 'Rite of Spring' from this year's Edinburgh Festival. 3:30 The Romantic Viola: Paul Coletti (viola) and Peter Evans (piano) play Haydn (Divertimento), Glazunov (Elegie), Murrill (4 French Nursery Songs), Bridge (2 Romantic Pieces). 4:00 Henze: Symphony No 7, played by the Berlin Radio SO/Gerd Albrecht. 4:40 Musica Antiqua, Cologne: two Telemann quartets.

5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Opera: "The Slippers", by Tchaikovsky, on records, sung in Russian, with Nina Fomina as Oxana and Konstantin Lisovsky as Vakula. 9:30 Studio 3: Daniel Massey performs "The Annunciation" by Graham Chainey. 10:10 Jazz Today, featuring Motive Force. 10:40 Traces in the Cracks: a concert of works by Giacinto Scelsi: 'Pfhat' for chorus and orchestra; 'Hurqualia' for orchestra); 11:10 Adrian Jack profiles the composer, who died in August; 11:20 'Hymnos' for orchestra; 'Uaxuctum' for chorus and orchestra. 12:00 News 12:05 am Wolf 88. Arleen Auger sings Mignon (Kennst du das Land).

RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends Christmas Survival Guide, with Ned Sherrin. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? with Ludovic Kennedy, Jim Sillars MP, The Rt Hon Barbara Castle MEP and Andrew Neil. 1:55 Shipping Forecast.

2:00 News; The Best of Times - The Worst of Times (s). 2:40 Treasure Islands. 3:00 News; Play: "The Parents' Evening" by Jonathan Smith. 4:15 Heard Not Seen: the new education laws. 4:30 Science Now. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:25 Citizens Omnibus edition (s). 7:10 Stop The Week (s). 7:45 Saturday Night Theatre: "The Dwelling Place" by Catherine Cookson (s). 9:15 Music in Mind: Richard Baker with words and music (s). 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature: 'The Catherine Cookson Phenomenon' (profile of one of the world's best selling novelists). 10:45 Pen to Paper (s). 11:00 'Perseus Pin Investigates': Agatha Christie send-up. 11:30 Dial M for Pizza (s). 12:00-12:30 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:30 am The Flashing Blade. 8:55 Playbus. 9:15 Umbrella. 9:30 Sunday Worship. 10:00 Working the System. 10:10 Spelling It Out. 10:20 British Sign Language Special. 10:35 Russian Language and People. 11:00 Bazaar. 11:25 British Sign Language. 11:40 See Hear! 12:30 pm Country File. 1:00 News: On the Record.

2:00 EastEnders. 3:00 Open Air Preview. 3:40 International Show Jumping. 4:45 Scruples. 5:15 The Clothes Show. 5:40 The Chronicles of Narnia. 6:10 Lifeline. 6:20 News; Weather 6:35 Songs of Praise. 7:15 Film: "The Philadelphia Experiment" (1984), with Michael Pare, Nancy Allen and Bobby di Cicco. 8:55 News; Weather. 9:10 The Rainbow. Concluding the dramatisation of D H Lawrence's novel, starring Imogen Stubbs. 10:10 Everyman. "Santa": the evolution of one of Christmas's traditions. 10:50 International Show Jumping.

BBC2

9:25 am Now on Two. 12:00 Reportage (DEF II's magazine of news, fashion, sport and music). 12:50 pm The Mind Machine. 1:40 40 Minutes: Mixed Blessings, experiences of two mothers whose baby girls were swapped the night they were born. 2:20 The Week in the Lords. 3:00 Film: "Meet me at the Fair" (1952), with Chet Allen, Dan Dailey and Diana Lynn. 4:25 Music in Camera: Brahms Horn Trio.

5:00 Rugby Special. 5:55 Ski Sunday. 6:35 The Money Programme. 7:15 The Great Rift; the continuing development of Africa's Rift Valley. 8:10 Face to Face: Gilbert Harding's celebrated interview with John Freeman. 8:40 Sound on Film: 'Albion' by Steve Martland. 9:25 Hockey's Golden Year. 10:10 Film: "Breathless" (1983), remake of Godard's classic, with Richard Gere and Valerie Kaprisky.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 LWT Soccer. 10:25 Motormouth. 11:00 Morning Worship. 12:00 The Walden Interview. 1:00 pm ITN News. 1:10 Regional News and Weather 1:15 Police 5. 1:30 LWT Action. 1:40 Link. 2:00 The Human Factor 2:30 Disney Premiere: "Pete's Dragon" (1977), with Helen Reddy, Jim Dale, Mickey Rooney and Shelley Winters. 5:00 Bullseye. 5:30 Sunday Sunday. 6:30 ITN News. 6:35 Regional News and Weather.

6:40 Dial-a-Carol. 7:15 Film: "A Star is Dead" (1976), with Jack Klugman, Robert Foxworth and Donna Mills. 8:45 ITN News. 9:05 The Beiderbecke Connection. 10:05 The South Bank Show. 11:00 Film: "John and Yoko: A Love Story" (1985), with Mark McGann and Kim Miyori. 1:45 am Orchestral Tribute to the Beatles. 3:00 P O V. 4:00 American College Football. 5:00 Morning News.

CHANNEL 4

9:25 am Orientations (Chinese/English with subtitles). 10:00 The World This Week. 11:00 The Waltons. 12:00 Treasure Hunt. 1:00 pm Lost in Space. †2:00 Film: "Flesh and the Devil" (1927), with Greta Garbo and John Gilbert. 4:05 World Within a Ring: Gerry Cottle's Circus. 4:40 pm News Summary and Weather. 4:45 Sea Farmers. 5:45 American Football. 7:00 Taming the Flood. 8:00 Testament. 9:00 The Media Show. 10:00 Film: "The Rocky Horror Picture Show (1975), with Tim Curry, Susan Sarandon and Meatloaf. 11:55 Tennis: The Davis Cup Final. Crossing the Line. 12:55 am Film: "Touki-Bouki" (1984).

S4C WALES

As Channel 4 except:
9:15 am Hafoc. 1:00 pm The Other Europe. †2:00 Film: "Odette" (1950)The First of the Few" (1942). 4:15 Equinox. 5:15 Glorious Colour. 7:00 Charlie Chaplin: Lobster Comedies. 7:15 Sam Tan. 7:25 Newyddion. 7:30 Hen Wlad O Gastell Y Waun. 8:00 Minafon. 8:45 Dechrau Canu, Dechrau Canmol. 9:15 Hel Straeon. 9:45 A Oes Heddwch? 10:45 Nid Oes Neb Wedi Gweld Duw Erioed. 10:50 Elphida.

IBA Regions as London except at the following times:

ANGLIA

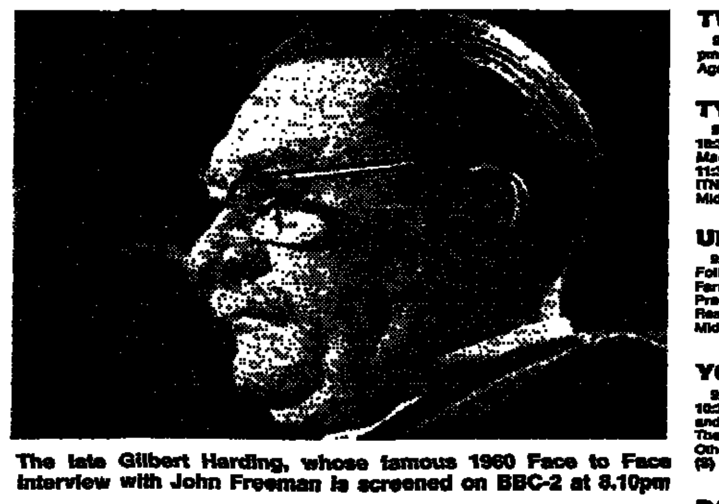
9:25 am Motormouth. 1:15 pm Link. 1:30 Weather Trends; Farming Diary. 5:00 Blockbusters. 5:30 The Christmas People. 6:00 Bullseye. 11:00 Prisoner: Cell Block H. 11:55 Worlds Beyond. 12:25 am First Exposure. 1:25 The Other Side of Midnight. 2:00 Film: "The Island", with Michael Caine.

BORDER

9:25 am Motormouth. 10:30 Follyfoot. 1:15 pm Landmark. 5:00 Scotsport. 6:00 Bullseye. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Other Side of Midnight. 1:00 Donahue. 1:55 Film: "Up in Arms" (1944), with Danny Kaye and Dinah Shore. 4:00 Night Beat.

CENTRAL

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm Link. 1:30 Here and Now. 5:00 Highway to Heaven. 6:00 Bullseye. 11:00 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am Film: "Massacre in Rome" (1973), with Richard Burton.



The late Gilbert Harding, whose famous 1960 Face to Face interview with John Freeman is screened on BBC-2 at 8.10pm

CHANNEL

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:10 pm Reflections. 1:15 Link. 1:30 Les Français Chez Vous. 11:00 Wideabout. 12:00 Crime Club.

GRAMPIAN

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 11:00 America's Top Ten. 11:30 The Shakespeare Trilogy. 1:15 pm Landmark. 2:30 Film: "Whistling in Brooklyn" (1943), with Red Skelton and Ann Rutherford. 4:00 Prove It. 4:30 Bullseye. 5:00 Scotsport. 11:00 The Year of the Seal. 11:30 Prisoner: Cell Block H. 12:30 am The Other Side of Midnight. 1:00 Donahue.

GRANADA

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm This Is Your Right. 1:35 Aap Kaa Hak. 2:30 Down to Earth. 3:00 Film: "The Wind Cannot Read". 5:05 Highway to Heaven. 6:00 Bullseye. 11:00 Alfred Hitchcock Presents. 11:30 Prisoner: Cell Block H. 12:30 am The Other Side of Midnight. 1:00 Donahue.

HTV

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm West Country Farming, followed by Weather for Farmers. 5:00 Highway to Heaven. 6:00 Bullseye. 11:00 The Year of the Seal. 11:30 Donahue. 12:25 am Magnum. 1:20 Film: "The Passage" (1978), with Anthony Quinn, James Mason, Malcolm McDowell and Patricia Neal.

HTV WALES

As HTV West except:
2:00-2:30 pm Wales on Sunday.

SCOTTISH

9:25 am Fraggle Rock. 9:55 Motormouthy. 10:30 Follyfoot. 11:00 Legends on Ice. 1:15 pm Link. 1:30 Blockbusters. 2:00 Profile. 2:30 Glen Michael's Cavalcade on GMTV. 3:30 A L F. 4:00 Prove It. 4:30 Bullseye. 5:00 Scotsport. 11:00 Crann Tara. 11:30 Charlie's Angels. 12:30 am The Other Side of Midnight. 1:00 Donahue.1:55 Film: "The In-Laws", with Peter Falk and Alan Arkin.

TSW

9:25 am Motormouth. 10:30 Gardens For All. 1:10 pm Farming News. 11:00 Sunday Sport. 11:30 Space. 12:30 am The Other Side of Midnight. 1:00 Donahue.

TVS

9:25 am Motormouth. 10:30 Follyfoot. 1:15 pm Link. 1:30 Action! 1:55 TVS Weather. 11:00 Agenda. 3:15am The Other Side of Midnight.

TYNE TEES

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm Landmark. 5:05 It's Magic. 5:00 Bullseye. 11:00 Inner Space. 11:30 Soccer Special. 12:00 Mary. 12:30 am ITN News Headlines. 12:32 The Other Side of Midnight. 1:00 Donahue.

ULSTER

9:25 Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm The Question Is. 1:43 Farming weather. 1:45 Link. 5:00 A Country Practice. 6:00 Bullseye. 6:02 Ulster Sports Results. 11:00 'V'. 12:30 am The Other Side of Midnight. 1:00 Donahue.

YORKSHIRE

9:25 am Fraggle Rock. 9:55 Motormouth. 10:30 Follyfoot. 1:15 pm Link. 1:30 Farming and Inshore Weather; Farming Diary. 5:00 The Fall Guy. 6:00 Bullseye. 3:00 am The Other Side of Midnight.

(S) Stereo on FM

RADIO 2

7:30 am Roger Royle. 9:05 Melodies For You. 11:00 Desmond Carrington. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 BBC Concert Orchestra Showcase. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 Vince Hill's Solid Gold Music Show. 7:30 The Film and Theatre World of Stanley Black. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 John Gough. 11:00 Peter Clayton with Sounds of Jazz. 1:00 am Alan Dedicoat presents Nightride. 3:00-4:00 A Little Night Music.

RADIO 3

7:00 am Jack Brymer. Weber (Concertino), Debussy (Premiere rapsodie), Coates (Saxo-rhapsody). 7:30 News. 7:35 Rossini and Haydn. Rossini (Sonata a quattro No 1; Andante e tema con variazioni), Haydn (Symphony No 82). 8:30 News. 8:35 Your Concert Choice. Mendelssohn (Overture: Son and Stranger), Schumann (Piano Trio Op 80), Rawsthorne (Practical Cats), Martucci (Piano Concerto), Glazunov (The Sea). 10:30 Music Weekly with Michael Oliver. 11:15 BBC Philharmonic Orchestra in Munich with Dmitry Sitovetsky (violin): Mozart (Overture: The Marriage of Figaro), Mendelssohn (Violin Concerto in E minor); 11:55 Cordelia Borchardt talks about the cultural life of Munich; 12:00 Dvorak (Symphony No 9, 'From the New World').

12:55 pm Messiaen: Quartet for the End of Time played by Antony Pay (clarinet), Gyorgy Pauk (violin), Ralph Kirshbaum (cello) and Anne Queffelec (piano). 1:55 Third Ear. 2:20 Beethoven. Trio in E flat Op 3, Cummings String Trio. 3:00 Gothenburg Symphony Orchestra. Berwald (Overture: Estrella de Soria), Brahms (Violin Concerto in D); Franck (Symphony in D minor). 4:40 Fischer-Dieskau in London. First of three recitals given by the baritone in the Queen Elizabeth Hall last October: Hartmut Holl accompanies in a selection of Schumann songs. 6:00 Stalin's Mercy. Seven scenes from the life of the poet Osip Mandelshtam. 7:00 Variations, Blues and Concord. Joanna MacGregor (piano): Nancarrow (Prelude and Blues), Ives (Varied Air and Variations), Erroll Garner transcr MacGregor (Blues; Bounce), Copland (Variations).

7:30 Berlioz and Messiaen (live relay) BBC Symphony Orchestra conducted by David Atherton, with Phyllis Bryn-Julson (soprano). Part 1: Berlioz (Overture: The Corsair), Messiaen (Poemes pour Mi). 8:05 Delacroix's Journal. 8:25 Concert. Part 2: Berlioz (Symphonie fantastique). 9:30 Emil Gilels. The Russian pianist in Medtner (Sonata reminiscenza) and Scriabin (Sonata No 4 and 5 Preludes Op 74). 10:00 The 1988 Reith Lectures. Geoffrey Hosking. 'The Paradox of Gorbachev's Reforms'. 10:30 Choral Evensong recorded in the Chapel of St John's College, Cambridge. 11:25 Nocturne for flute, viola and guitar by Matiegka. 12:00 News. 12:05 am Wolf 88. Mignon II sung by Arleen Auger.

RADIO 4

6:00 am News Briefing. 6:10 Prelude (s). 6:30 News; Morning has Broken (s). 6:55 Weather. 7:00 News. 7:15 The Living World. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:15 Letter from America. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s) Edward Heath. 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 The Kamikaze Ground Staff Reunion Dinner (s) Play by Stewart Parker. 3:30 The Big Pie. Martin Wiley visits the village of Denby Dale where the world's biggest-ever meat and potato pie was made.

4:00 News; Dreaming. 4:47 Enquire Within. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback, with Christopher Dunkley of the Financial Times. 6:30 The Brick that Created a World. Lego (s). 7:00 News; Open Mind. 7:30 Crown House (s). 8:00 Bookshelf. 8:30 All in the Mind (s). 9:00 News; In On A Wing And A Tale (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Beyond Personality (s) A Memoir of C S Lewis. 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:30 am News.